

Did you know that 65 year olds today face a 7 in 10 chance of needing long term care? Have you and your family discussed and created a plan to address this growing need? What are your options? Who would deliver your care? What type of care - at home or in a facility or nursing home? How much is the average cost for care? Where would you receive care - your current state or another area? Unity Worldwide Ministries is pleased to make available a long-term care insurance program especially designed for its employees, ministers, and many of their older and younger relatives. Our brokers are specially trained and licensed to help families navigate these important questions and educate them as to appropriate options

To enroll today or receive additional information, contact:

1. For Kansas and Missouri residents: please contact Vince Peyton at 913-422-7494 or [peyton@everestkc.net](mailto:peyton@everestkc.net)
2. Residents of all other states: please contact Bill Bins at 1-800-999-3026 ext. #2230 or [billb@targetins.com](mailto:billb@targetins.com).

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This document has been created by our insurance brokers to educate you about long-term care and long-term care insurance, while answering some of the most common questions regarding care. It is NOT provided by Prudential Insurance Company of America and has not been reviewed or endorsed by them. Prudential's responsibilities are defined in the policy form which will be the legal contract between you and Prudential.

## **Topic #1: What is LTC (Long-Term Care)? Importance of planning and discussing with relatives.**

What would you like to see happen when one of your elder relatives becomes frail and needs someone alongside her in case she were to fall while going to the bathroom or washing up? What would you like to see happen if a relative were to suffer from Alzheimer's or dementia? What if you or your spouse encounters such problems? It is important to plan for each member of your family separately, as the answers to these questions will differ from one to the other.

In what city, would you like that person to receive care? At home or in a facility? Who would you like to be the caregiver? Might you become a caregiver? What might interfere with you (or another family member) being the caregiver? How might being a caregiver adversely impact you or the care recipient? What can be done to optimize the situation for the caregiver as well as for the care recipient?

According to AARP, 70% of people who reach age 65 are likely to need such types of Long-Term Care (LTC) at some point in their remaining lives. For yourself, the question is "IF I need LTC..." When looked at from a family perspective, it changes to "WHEN someone needs LTC...."

Unity Worldwide Ministries recognizes that LTC issues are growing in importance. Thanks to medical advances, we generally outlive our parents. Many of us will live well beyond age 85, in terms of years, but will we live WELL, beyond age 85, in terms of life-style? We encourage you to consider these issues carefully and discuss them with family members. Ask "what if?" now, so you don't have to say "what now?" in the future. If you plan in advance, you are more likely to achieve the best result. It is important that your family members share a common expectation of the roles they/you would play.

As delicate as such conversations are they can sometimes back-fire. Please follow these links to excellent advice about discussing these issues positively with your elders and/or your children.

[Parental Conversations from Child to Parent](#)  
[Parental Conversation to Child](#)

For more information on how Long-Term Care insurance (LTCi) can help you and your family, go to:

- Kiplinger's web-site: [www.kiplinger.com/reports/long-term-care](http://www.kiplinger.com/reports/long-term-care)
- Our Federal government's long-term care web-site: [www.longtermcare.gov](http://www.longtermcare.gov)
- The Public Broadcasting System to see a PBS series about caregiving for family members: [www.pbs.org/wgbh/caringforyourparents/watchonline](http://www.pbs.org/wgbh/caringforyourparents/watchonline)

## **Topic #2: Have you considered your plan for Long-Term Care?**

Would you want to stay in the area where you now live? If you have a partner, would you want to stay there even if you were the survivor of your marriage, or might you want to move to where your children live or where your family roots are?

Most people want to stay at home to keep in better touch with their families, to mentor their grandchildren and attend their school and sports events. They don't want grandkids to have to visit them in a nursing home, wiggling in a chair. It is better if the grandkids can explore the nooks and crannies of their home and burn energy in the back yard.

They want to stay at home so they can continue to visit friends and attend their favorite place of worship. They want to stay in familiar surroundings, continue existing hobbies and retain control of what they watch on TV, without having other people's TVs blaring.

At home they can get care from family, friends and commercial caregivers who they choose. They have one-on-one attention; if they soil their clothes or need other help, they don't have to wait. And they can keep their regular doctor. They can eat what they want, when they want and bathe how they want, when they want.

Not only do most people want to stay in their own home, they want their relatives to stay in their own homes. Neither generation usually wants to live together.

That's why Unity Worldwide Ministries is making a Long-Term Care insurance (LTCi) program available to our staff and their spouses/partners, children over 18, parents, grandparents, aunts and uncles, siblings and all in-law and step-equivalents between ages 18 to 79.

People without LTCi are at least 50% more likely to move in with their children. Children can't always be at the parent's home when they need help, so the parent moves in with the kids, hoping their child, child's spouse or grandchildren will be available to help them. With LTCi, they hire a commercial caregiver for times the kids can't be there.

LTCi lets caregivers "have a life." The best caregiving usually blends family and commercial caregiving. Commercial caregivers provide respite to family. They advise as to how best to take care of loved ones, encouraging family members that the care recipient is getting quality care. They can handle uncomfortable chores so family members can spend more quality time with the care recipient.

A major reason why people enter nursing homes is because family caregivers "burn out." Balancing family and commercial caregiving can avoid such "burn out."

Some people will be living alone when they need LTC. They may lack good caregiving alternatives and might not be able to visit friends, go to religious services or shopping or

maintain their home if they were to stay at home. Such people plan on entering an assisted living facility or nursing home.

You can find more information at our Federal government's long-term care Web site: [www.longtermcare.gov](http://www.longtermcare.gov). You can study how effectively savings might cover the cost of your care. You could also go to [www.kiplinger.com/reports/long-term-care](http://www.kiplinger.com/reports/long-term-care).

You might want to refer your spouse or partner and/or your parents, in-laws, etc. to some of this information.

### **Topic #3: The Cost of Long-Term Care**

No one knows what Long-Term Care will cost when you might need care. However, it helps to know the current cost of LTC and to expect such cost to increase annually due to inflation. These links might be helpful:

- [Costs for specific providers in Kansas City.](#)
- [Cost of Care across the USA](#)

**Home care** is the most-desired and common form of long-term care. Because care is given in *your* home, the cost does not vary according to the cost of real estate. Hourly cost is about the same throughout the USA, but the minimum number of hours charged might be higher in rural areas due to travel time.

Nonetheless, the cost of home care can vary tremendously. Rehabilitation nurses cost a lot more per hour than experienced non-professionals who help you get dressed and eat.

Non-professional home care costs average about \$20-\$25/hour. If family members took care of you except when you are at work, you might need 9 hours of non-professional care, 5 days each week. Today, that would cost \$4,000 to \$5,000 per month. If your at-home spouse was your primary caregiver and brought home care providers in so he/she could get four hours of respite each day, the cost would be about \$2,500 to \$3,000/month today. Alternatively, day care services would cost about \$1,200 per month, assuming that your family took care of you on weekends. Of course, home care could cost a lot more if you needed round-the-clock care or extensive professional attention.

**Assisted living facilities** are growing in popularity. They are not equipped to handle severe cases, but "memory units" are becoming more common. Overall, they cost about half as much as a private room in a nursing home, but the costs get closer to nursing home costs if you're in a memory unit or an up-scale assisted living facility.

**Nursing home** costs vary substantially geographically because such cost is related to the cost of real estate.

A semi-private room in a nursing home typically costs about 12% less than a private room. Someone who is on Medicaid will have to be in a semi-private room, but most people who pay for care out-of-pocket or through LTC insurance prefer to pay the extra

cost of a private room to sleep better, avoid hearing a roommate's TV and radio, visit with relatives privately, etc.

**Long-Term Care insurance** (LTCi) helps to “tame” the potential cost of your or your family member's, LTC. Unity Worldwide Ministries is making an LTCi program available to our staff and their spouses/partners, children over 18, parents, grandparents, aunts and uncles, siblings and all in-law and step-equivalents between ages 18 to 79.

One approach is to insure (most of) the cost of home care and plan to use your income and nest egg to supplement your LTCi if you need more expensive care. In our program, your insurance can start anywhere from \$1,500 to \$9,000/month.

## **Topic #4: Who Pays for LTC?**

Most information about “who pays for long-term care” focuses solely on hard-dollar financial costs, ignoring the value of family caregiver time and the emotional, lifestyle and health impact on the caregiver.

At least 60% of caregiving comes from family members or friends. Nearly 15% is paid for by the family, one way or another. So in total, the family bears the burden for three-quarters of all LTC. In the future, informal caregiving may be harder to find because families have fewer children, their daughters and daughters-in-law are more likely to be working full-time than in previous generations, and children and adults are both likely to relocate away from each other. Plan accordingly.

Most of the rest is paid by Medicaid, a welfare program which varies by state. Typically, to qualify for Medicaid, an unmarried person must spend countable\* assets down to \$2,000 and spend all income in excess of \$60/month (and the cost of their acute medical insurance, such as Medicare Parts A and B) on their care. A spouse still living independently can keep half of such assets, but not more than \$109,560.

When someone in the family needs LTC, everyone in the family suffers emotionally. Even if you live 1,500 miles away, it is hard to think about your father being in failing health. In terms of lifestyle, even if you live far away, you might help with paperwork. You might spend all your vacations visiting your relative, etc. And, of course, every family member feels the financial costs, directly or indirectly.

Do you expect to spend your winters in Arizona golfing when you retire? Do you expect to fly around the country visiting your kids? Do you expect to do a lot of recreational traveling? What if you or your spouse is a caregiver? What happens then?

The primary caregiver often incurs worse physical and mental toll. Normally, 15% of seniors are clinically depressed. But 40% of people who are primary caregivers for someone in their generation (e.g., spouse) are clinically depressed. Reportedly, 67% of children who are primary caregivers for an older generation are clinically depressed.

More than one-fifth of caregivers report that they need more regular health care than demographically-identical non-caregivers. (MetLife Juggling Act Study, 1999, p. 7)

Caregivers are more likely to need LTC themselves in the future because they get worn down by being a caregiver. There may be no caregiver left in the family to take care of them.

People who have been caregivers also die earlier than people who are not caregivers.

It is very sad that caregivers sacrifice so much for their loved ones, and in return, seem to get the “short end” of many “straws.” In many families, the caregiver has a worse problem than the care recipient.

Because of these burdens of being a caregiver, people who buy LTCi in case they need care often consider it to be a gift for their family.

\* All assets are countable except your primary home and moderate furnishings, one car, one wedding ring, one engagement ring, burial insurance and plots, and a few other exemptions.

## **Topic #5: How Long-Term Care Insurance Works**

Long-term care insurance (LTCi) reimburses the cost of commercial care you receive when you are chronically ill. To qualify for long-term care insurance benefits, you must:

- 1) Either need human help to complete two or more of the Activities of Daily Living\*, or
- 2) Be in danger to yourself or others due to cognitive impairment such as Alzheimer’s or dementia.

\*The activities of daily living are: bathing, eating, dressing, toileting, continence (the ability to take care of yourself if you can’t get to the toilet) and transferring (from standing, seated or lying down position to any other such positions).

In general, the care must be part of a plan of care developed by a health care professional and provided by a qualified caregiver and bills must be submitted for reimbursement at the end of each month. Please see page xx at the following link to read about a unique alternative from Prudential.

The first 90 days that you need such care, you are NOT entitled to LTCi benefits. Having such an “elimination period” (sometimes called a “waiting period”) reduces the cost of LTCi.

You pick an initial maximum monthly benefit (\$1,500 to \$9,000) and a benefit period (3 or 5 years). LTCi then provides a “bucket” of money equal to the monthly benefit x 12 x the benefit period. For pennies on the dollar, you can secure hundreds of thousands of dollars of protection. LTCi will reimburse eligible costs until the bucket is drained. It could last longer than 3 or 5 years if you don’t use the full amount every month.

It is very important that the maximum monthly benefit increase each year to try to maintain purchasing power. [Potential benefits](#) can be compounded each year by 5%.

If you need care at age 85, you'll need that care regardless of whether you buy LTCi at age 45, 55, 65 or never. The sooner you buy, the longer your 5% benefit increases can work to your advantage. The following table shows the potential amount of claim dollars you could receive at age 85, if you buy, at various ages, initial coverage of \$3,000/month for up to a 5-year benefit period:

<u>Purchase Age</u>	<u>Potential Value of Claim at Age 85</u> <u>5% compound</u>
25	\$3,715,715
35	\$2,281,126
45	\$1,400,414
55	\$ 859,733
65	\$ 527,801

## **Topic #6: What if you self-insure your long-term care risk?**

Some people “self-insure” their long-term care risk. Instead of buying insurance, they plan to pay for their care using their income or nest egg.

Self-insurance can be a successful strategy, if neither partner ends up needing LTC or neither needs much LTC. It can be enticing to self-insure, to avoid spending money on LTCi premiums.

However, if you self-insure, you must set aside a significant amount of assets (much greater than insurance premiums) to prepare for your (and perhaps a partner's) need for LTC. The “law of large numbers” allows insurance companies to hold reserves that recognize that many people do not need LTC or need only a small amount of LTC. But if you self-insure, you must be prepared in case you (and also a partner) need unusually long or expensive LTC. The large contingency fund should be invested conservatively so that it can be cashed out as needed. (Taxes or a capital loss on an untimely liquidation could be more expensive than LTCi would have been.)

If you ask people who self-insure what they would do with such money if they end up not needing LTC, they often provide the following answers:

- a) I'll give the money to my children or favorite charity.
- b) I'll use the money to take a trip or do something else with it.

Leaving the money to your children or favorite charity makes sense, but, if you think you could spend it on something else, you are mistaken! You will NEVER know that you won't need LTC, because no one will know until you die. If you like leaving the money to others, self-insurance can make sense, but some people prefer to buy LTCi so that they have a more reliable amount of assets to leave to their children or charity.

People who need LTC recover all of their premiums in just a fraction of a year. If they need care for a long time, they benefit greatly from LTCi.

People can also benefit from the care coordination services provided by LTCi policies and because discounts on the cost of care are available to insurance company clients.

Of course, some people use up their nest egg on LTC and then have to resort to Medicaid. On Medicaid, they typically must go into a nursing home selected by Medicaid, rather than staying at home.

The most surprising aspect of self insurance is that many people who self-insure and have a huge pool of money at the time they need care refuse to spend that money on care! The reasons they don't spend their money include: they fear they will outlive their money, they feel they are spending their heirs' inheritance, and many believe care is overpriced

## **Topic #7: Why People Buy Long-Term Care Insurance**

Why might you, or your relatives, like to participate in Unity Worldwide Ministries' Long-Term Care insurance program? People buy LTCi:

1. To have control over their decision-making and freedom of choice to select the caregiver they want so they can assure quality care and maintain dignity.
2. To retain independence. Relying on your family to some degree is fine, but most people don't want to over-burden their family physically, financially or emotionally.
3. To stay at home. People without LTCi are at least 50% more likely to move in with their children. And caregiver "burn-out" is a primary reason for entering nursing homes.
4. To protect their partner's lifestyle. If they need care, their partner's lifestyle can get crushed by the dual impact of being a caregiver and having the family nest egg dissipate quickly.
5. To avoid having to set aside a lot of money to cover uninsured LTC, which, for most people, is the most volatile cost we face in the future. LTCi tames that risk, turning at least part of that volatile cost into a fixed cost and freeing up money to be used for other purposes.
6. Do you want your retirement savings to be used for LTC?
7. To avoid out-living their assets and having to go on Medicaid.
8. Because they've lost their family caregiver by death, divorce or incapacity.
9. To encourage their partner, in many cases their widow, to get the care she needs. People are often reluctant to spend their own money for care. It is much easier for everyone in the family if the insurance company pays for the care.
10. So they can invest more aggressively. Money set aside to cover LTC costs needs to "be there when needed," so must be in conservative investments that can be easily liquidated.

11. Of course, people also want to protect their nest egg which they'd like their loved ones to inherit. Some married people are particularly concerned to protect children from prior marriages.

To learn more about Prudential's process, [click here](#).

## **Topic #8: States' Actions to Encourage Long-Term Care Insurance**

Missouri and Kansas each provide two incentives to encourage you to buy long-term care insurance (LTCi).

- 1) An insured person can deduct up to \$1,000 of premium on his or her Kansas income tax return. That could save each insured person up to \$65/year.

The state of Missouri allows you to deduct your entire premium.

- 2) Both states have created a Partnership for LTC. The Unity Worldwide Ministries' LTCi program qualifies for both the Kansas, and for the Missouri, Partnership for Long-Term Care.

Most states provide two incentives to encourage you to buy long-term care insurance (LTCi).

- 1) An insured person can receive a tax break for purchasing LTCi. Please see this web site for your state:

<http://www.aaltci.org/long-term-care-insurance/learning-center/tax-for-business.php#individual>

- 2) Most states have created a Partnership for LTC. The Unity Worldwide Ministries LTCi program qualifies for state Partnerships except in California and New York.

The Partnership is an additional back-ended safety net to encourage middle class people to buy LTCi.

Our government knows that if you have LTCi, it is very unlikely that you'll ever need to rely on Medicaid to pay for your LTC. So our government is willing to reward you for buying LTCi.

What if you are very unlucky and use up your LTCi policy while still needing LTC? That's where the Partnership can step in, helping you to protect some of your nest egg.

Example: The insurer pays \$400,000 for your LTC, and then the policy runs out. The insurer saved you \$400,000 by paying for your LTC for you. The state will disregard

\$400,000 of your assets when you apply for Medicaid. You can qualify for Medicaid without having to spend that \$400,000 first. That \$400,000 is also protected from being collected by the state after you die.

If you have only \$400,000 of countable assets at that time, they are all protected and you can receive Medicaid benefits. If you have \$425,000 of countable assets, you have to spend \$25,000 of your own money before qualifying for Medicaid. That \$25,000 cost is called “spend-down” of your assets. But what if you have \$1,300,000 of countable assets, \$400,000 is protected, but \$900,000 is NOT protected. That means that you’d have to spend that \$900,000 before you could have Medicaid pay for your LTC. But by the time you’ve spent \$400,000 of the insurer’s money and then \$900,000 of your money, you most likely would be dead.

Your income is not protected by the Partnership. So if you have enough income to cover the cost of your care, you will not qualify for Medicaid even if you have used up your LTCi. That’s partly how the Partnership focuses on the middle class. If an affluent person bought a policy large enough to provide \$1,300,000 of benefits and used it up, he would have protected \$1,300,000 of assets which would generate \$65,000 of annual income at 5%. That income plus the person’s social security, pension, etc. would likely cover the cost of their care.

A Partnership LTCi policy can protect your money twice. It protects it the first time when the insurer pays for your care. It can then protect your money a second time when Medicaid ignores that nest egg, letting you keep it and pass it to your heirs despite receiving Medicaid.

The Kansas Partnership web-site is: <http://www.ksinsurance.org/ltc/index.htm>.

The Missouri Partnership web-site is: <http://insurance.mo.gov/consumer/LongTerm/>

## **Topic #9: Unity Worldwide Ministries’ New Long-Term Care Insurance Program**

Unity Worldwide Ministries is pleased to offer an LTCi program from Prudential Life Insurance Company. [Prudential](#) is a household name, and deservedly so. At year-end 2010, Prudential had \$241 billion of assets and \$8 billion of surplus. It ranks in the top 1/9 of life and health insurers in terms of financial strength.

Prudential grants a 5% to 7.1% permanent discount to Unity Worldwide Ministries’ ministers and employees and their relatives.

It is important to buy now because Pru has announced that prices will be higher for people who buy in the future. The higher prices will apply starting on June 4<sup>th</sup> in the following jurisdictions:

Other reasons to buy now include:

- a) The more years you have had coverage when you need care, the longer your benefit increase feature has been working for you, compounding benefits. If you buy 5 years earlier, you'll have 28% more money to cover the cost of care when needed; if you buy 10 years earlier, you'll have 63% more money available when you qualify for benefits.
- b) The price is intended to stay level and is lower the younger you are when you purchase.
- c) If you wait to buy, your price could go up, or you could be considered to be uninsurable, because your height/weight changes or you develop conditions such as those outlined above.
- d) You could have an accident, stroke, MS, Parkinson's, etc. and not be insured.

## **Topic #10: Why now is the best time to buy LTCi.**

If you, or a relative, would like to have long-term care insurance (LTCi), now is the best time to buy for the following reasons:

- 1) Prudential has announced that it will be increasing its prices significantly for people who buy in the future instead of now. But if you buy now, the price is intended to stay level at the current price as you age.
- 2) Moreover, the price for LTCi is roughly twice as high for people who buy at age 65 compared to people who buy at age 45. Contact Bill Bins 913-486-6676 from Target Insurance to learn more about the ways in which state governments minimize the risk of price increases.
- 3) Benefits can increase either 3% or 5% per year. It's like a bank account in that the sooner you buy, the sooner your benefits start to compound. If you need care at age 85, you'll need that care regardless of whether you buy LTCi at age 45, 55, 65 or never. The following table shows the potential amount of claim dollars you could receive at age 85, if you buy, at various ages, initial coverage of \$3,000/month for up to a 5-year benefit period. We strongly recommend purchasing 5% compound increases:

<u>Purchase Age</u>	<u>Potential Value of Claim at Age 85</u>	
	<u>3% compound increases</u>	<u>5% compound increases</u>
25	\$1,126,056	\$3,715,715
35	\$ 837,891	\$2,281,126
45	\$ 623,470	\$1,400,414
55	\$ 463,920	\$ 859,733
65	\$ 345,200	\$ 527,801

If you have a Partner who also buys, that Partner could also receive such benefits and if you include the Shared Care feature, either of you could use (some of) the other's benefits if you needed care a long time.

- 4) Every employee or relative gets a 5% to 7.1% discount from normal prices because you are an employee of Unity Worldwide Ministries.
- 5) If you ***wait*** to buy, your premium could be higher because of a change in health. If you're an employee under age 65, it could increase because of existing health factors that are being ignored in this initial enrollment! For example:
  - If your height/weight changes or you develop conditions such as adult-onset diabetes, joint surgery, arthritis, osteoporosis, heart attacks, cancer, sleep apnea, etc., your premium could increase 17% to 75%.
  - If the conditions are uncontrolled, recent or serious enough, you could be uninsurable. Developing MS, Parkinson's or metastasized cancer would make you uninsurable. Most people eventually become uninsurable.
  - You could have an accident, stroke, or other event which would cause you to need care without being insured.
- 6) If you wait to buy, your premium could be higher because of a change in status. The premiums are permanently lower for people who are married (or have had a partner for at least one year) when they buy. If you wait and you separate or your partner dies, you would not qualify for that discount.

A very nice feature for single people: Prudential will lower your premium and grant a marital discount to your spouse if you marry in the future. Likewise, they will do so once you have lived with a partner for at least one year. Many insurers will not do so.

## **Topic #11: Group Meetings scheduled for Long-Term Care Insurance**

For your convenience and the convenience of your spouse/partner, children, parents, grandparents, siblings, uncles and aunts and all in-law and step-equivalents between ages 18 to 79, we will offer individual phone or in-person meetings to discuss Unity Worldwide Ministries' long-term care insurance program. Please contact Vince Peyton at 913-422-7494, email [peyton@everestkc.net](mailto:peyton@everestkc.net) or Bill Bins at 913-403-5820, email [billb@targetins.com](mailto:billb@targetins.com) to arrange a convenient time. Meetings can be held at the Unity Worldwide Ministries' offices.

The following information explains why now is the best time to buy.

If you, or a relative, would like to have long-term care insurance (LTCi), now is the best time to buy for the following reasons:

- 1) Prudential has announced that it will be increasing its prices significantly for people who buy in the future instead of now. But if you buy now, the price is intended to stay level at the current price as you age.
- 2) Moreover, the price for LTCi is roughly twice as high for people who buy at age 65 compared to people who buy at age 45. Contact Bill Bins 913-486-6676 from Target Insurance to learn more about the ways in which state governments minimize the risk of price increases.
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If you have a Partner who also buys, that Partner could also receive such benefits and if you include the Shared Care feature, either of you could use (some of) the other's benefits if you needed care a long time.

- 4) Every employee or relative gets a 5% to 7.1% discount from normal prices because you are an employee of Unity Worldwide Ministries.
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  - If your height/weight changes or you develop conditions such as adult-onset diabetes, joint surgery, arthritis, osteoporosis, heart attacks, cancer, sleep apnea, etc., your premium could increase 17% to 75%.
  - If the conditions are uncontrolled, recent or serious enough, you could be uninsurable. Developing MS, Parkinson's or metastasized cancer would make you uninsurable. Most people eventually become uninsurable.
  - You could have an accident, stroke, or other event which would cause you to need care without being insured.

- 6) If you wait to buy, your premium could be higher because of a change in status. The premiums are permanently lower for people who are married (or have had a partner for at least one year) when they buy. If you wait and you separate or your partner dies, you would not qualify for that discount.

A very nice feature for single people: Prudential will lower your premium and grant a marital discount to your spouse if you marry in the future. Likewise, they will do so once you have lived with a partner for at least one year. Many insurers will not do so.

## **Topic #12: Our program's care coordination services**

Care Coordination services can vary from one insurer to another. In general, it makes expert geriatric care managers and/or nurses available to help the care recipient and family. It can be of inestimable value.

Prior to meeting with the care recipient, the care coordinator often meets with the care recipient's family members or doctors in order to learn about the care recipient, her history, her surroundings and support systems, the consistency or inconsistency of symptoms, etc. Care coordinators then meet face-to-face with the care recipient to assess the care recipient's needs.

The care coordinator is responsible for creating a Plan of Care, customized to the care recipient and reflective of the support system available to the care recipient. The goal is to create a plan that the care recipient (if capable), the care recipient's family and the care recipient's doctor all agree reflects the client's needs and preferences. The Plan of Care identifies the necessary care services, including frequency, and can provide more details. The care coordinator creates a comprehensive Plan of Care without consideration of whether services are covered by LTCi or not. (It is the insurer's responsibility to determine whether a claim is paid. If part of the Plan of Care is not covered by insurance, the care recipient or family might decide not to implement that part of the Plan of Care.) Insurers will not reimburse costs of services that are not part of the Plan of Care.

Some people are concerned about care coordination because "care management" has a negative "gatekeeper" connotation in the acute health insurance industry. Indeed, a care coordinator may submit a report that indicates that an insured person does not satisfy claims triggers. To the degree that an inappropriate claim is not paid, policyholders benefit because they have less risk of a price increase. But the focus of care coordination is helping clients and their families. Many people have had phenomenally wonderful experiences with care coordinators.

The care coordinator recertifies the need for care at least once each year (as required by HIPAA) and may help the family to anticipate the care recipient's needs. Care coordinators can provide valuable insight to help families reach agreement on care strategies and to help non-caregivers and caregivers understand the stress they and their other family members feel.

You can select the care coordinator of your choice.

Care coordination services are most commonly involved in home care claims to assure safety and quality care, but can be helpful with any type of claim.

## **Topic #13: Discounted prices for home care, assisted living facilities, and nursing homes**

Prudential provides access to discounts ranging from 5%-30% from a network of participating long-term care facilities, adult day care, home care agencies and durable medical equipment providers nationwide — saving you money and giving you even more options when it comes to choosing care. You are NOT obligated to use any of those providers. To maximize your chance of obtaining such discounts, it is best to contact Prudential prior to committing to a particular LTC provider. Although such providers currently extend a discount to Prudential policyholders, Prudential cannot guarantee that such discounts will be available in the future.

Here's an example of how such a discount might help you:

- Maximum Monthly Benefit at the time of claim: \$6,000
- Cost of care at that time: \$9,000
- Discount: 15%, reducing the cost to \$7,650/month
- Result: Insurer pays \$6,000 whether you get the discount or not.

With no discount: you pay \$9,000-\$6,000 = \$3,000/month.

With discount: you pay \$7,650-\$6,000 = \$1,650/month.

In this case, a 15% discount would save you 45% of your out-of-pocket cost.

Prudential cannot guarantee that such discounts will be available in the future, but they are currently available.

## **Topic #14: The importance of our state specific enrollment date for long-term care insurance**

Hopefully, you'll sign up before Prudential raises its price. It is much better to purchase before that date, which varies by state. Enrollment needs to be completed by the following dates for the states listed:

<u>May 27, 2011</u>	<u>June 30, 2011</u>
AK MT	all other states
AR ND	
DC PA	
DE SD	
ID TN	
IA UT	
LA WV	

MI	WY	
MS		

For Kansas and Missouri residents contact Vince Peyton at 913-422-7494 or [peyton@everestkc.net](mailto:peyton@everestkc.net) . All other states please contact Bill Bins at 1-800-999-3026 ext. #2230 or [billb@targetins.com](mailto:billb@targetins.com) for more information.

LTCi programs do NOT have annual open enrollments. You must buy NOW to benefit from the six-question application and the presumption that you are a preferred health risk.

Of course there are other good reasons to buy now, but these other reasons would apply the week after the open enrollment closes as well as now:

- 1) Prudential has announced that it will be increasing its prices significantly for people who buy in the future instead of now. But if you buy now, the price is intended to stay level at the current price as you age.
- 2) Moreover, the price for LTCi is roughly twice as high for people who buy at age 65 compared to people who buy at age 45. Contact Bill Bins 913-486-6676 from Target Insurance to learn more about the ways in which state governments minimize the risk of price increases.
- 3) Benefits can increase either 3% or 5% per year. It's like a bank account in that the sooner you buy, the sooner your benefits start to compound. If you need care at age 85, you'll need that care regardless of whether you buy LTCi at age 45, 55, 65 or never. The following table shows the potential amount of claim dollars you could receive at age 85, if you buy, at various ages, initial coverage of \$3,000/month for up to a 5-year benefit period. We strongly recommend purchasing 5% compound increases:

4)

<b><u>Purchase Age</u></b>	<b><u>Potential Value of Claim at Age 85</u></b>	
	<b><u>3% compound increases</u></b>	<b><u>5% compound increases</u></b>
25	\$1,126,056	\$3,715,715
35	\$ 837,891	\$2,281,126
45	\$ 623,470	\$1,400,414
55	\$ 463,920	\$ 859,733
65	\$ 345,200	\$ 527,801

If you have a Partner who also buys, that Partner could also receive such benefits and if you include the Shared Care feature, either of you could use (some of) the other's benefits if you needed care a long time.

- 5) Every employee or relative gets a 5% to 7.1% discount from normal prices because you are an employee of Unity Worldwide Ministries.
- 6) If you wait to buy, your premium could be higher because of a change in health. If you're an employee under age 65, it could increase because of existing health factors that are being ignored in this initial enrollment! For example:
  - If your height/weight changes or you develop conditions such as adult-onset diabetes, joint surgery, arthritis, osteoporosis, heart attacks, cancer, sleep apnea, etc., your premium could increase 17% to 75%.
  - If the conditions are uncontrolled, recent or serious enough, you could be uninsurable. Developing MS, Parkinson's or metastasized cancer would make you uninsurable. Most people eventually become uninsurable.
  - You could have an accident, stroke, or other event which would cause you to need care without being insured.
- 7) If you wait to buy, your premium could be higher because of a change in status. The premiums are permanently lower for people who are married (or have had a partner for at least one year) when they buy. If you wait and you separate or your partner dies, you would not qualify for that discount.

A very nice feature for single people: Prudential will lower your premium and grant a marital discount to your spouse if you marry in the future. Likewise, they will do so once you have lived with a partner for at least one year. Many insurers will not do so.

## **Topic #15: Should You Buy LTCi or Await the Government Program?**

Most people interested in LTCi would probably do well to buy private LTCi now, rather than waiting to see what happens with the coming government-run LTCi program (called the "CLASS program"). While that may not be true for everyone, it is particularly true for employees of Unity Worldwide Ministries. Key points worth considering:

1. The CLASS program will not be available at least until 2013, because it must be defined and implemented and there may be legal challenges. No benefits could be paid until at least 2018. Unity Worldwide Ministries' program provides immediate protection.
2. CLASS benefits are not yet defined. The trigger could require a need for help with 3 Activities of Daily Living (ADLs) instead of the 2-ADL trigger of Unity Worldwide Ministries' program. CLASS coverage for facilities is not clear, although most people expect facilities to be covered, as in Unity Worldwide Ministries' program.

3. Non-employed people (including spouses and elder relatives of employees) and people who are retired or within three years of retirement will not be eligible for CLASS. However, they are eligible for Unity Worldwide Ministries' program.
4. CLASS claims are expected to average \$50 (could be \$75) increased by the CPI each year and the design is a one-size-fits-all. Unity Worldwide Ministries' program offers more flexibility and stronger benefits.
5. Full-time employees below age 65 have a unique one-time opportunity to enroll in Unity Worldwide Ministries' program with few health questions. If you wait, you will forfeit that opportunity. Even though CLASS will require few health questions when it is made available, it will not offer as much coverage as you might want. So it is smart to take advantage of Unity Worldwide Ministries' program now.
6. CLASS premiums might be high relative to the coverage because:
  - a. CLASS will be issued to people regardless of their health (if the employee is actively at work, able to do the functions of their job and not institutionalized).
  - b. With Medicaid, we all subsidize the poor, but CLASS will be offered to poor people for \$5/month, requiring other *insured* people to subsidize the poor.
  - c. CLASS, unlike Unity Worldwide Ministries' program, offers no discounts for good health or couples. Unhealthy and/or permanently single people may get a good deal with CLASS.
  - d. CLASS benefit levels are more subjective, which could lower the value or increase the cost.
7. Unity Worldwide Ministries' program is contractually guaranteed. CLASS benefits are not guaranteed. While politicians will be wary to lower benefits, our government is careening toward insolvency, making the situation unpredictable. Social Security and Medicare have combined unfunded liabilities of about \$100 trillion dollars. Changes in the CLASS program could make it less attractive in the future.

