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LTC

2009 SMART BUSINESS
GUIDE
TO
LONG TERM CARE
INSURANCE

Why it's smart to offer it



Why your employees want it



Why more and more companies are
offering it



What it really costs

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WHY LONG TERM CARE?

More and more companies are offering Long Term Care Insurance because of the staggering cost of health care. With roller coaster turns in the economy, people are realizing they can't necessarily depend on their own resources to cover their health care costs in the future.

A RECENT WORK SITE SURVEY FOUND:

Of the 6.5 million businesses in the United States -

- 70% of employees would like their employers to offer Long Term Care Insurance
- Long Term Care Insurance was the #1 benefit employers intend to add (27% plan to add within 3 years)
- An estimated 1.8 million businesses plan on offering Long Term Care Insurance soon

DID YOU KNOW?

- The average cost of a care in a skilled nursing home nationally is now approximately **\$60,000 per year**. Imagine what it will cost in 2028 or 2038?

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WHAT EXACTLY IS LONG TERM CARE INSURANCE ANYWAY?

Long Term Care ranges from help with day-to-day activities in the home from simple tasks like bathing, dressing and eating -- to more sophisticated services such as skilled nursing care. This type of coverage addresses a gap in insurance coverage that over 70% of people in the United States have. Long Term Care policies provide benefits to offset the costs associated with:

- Home Health Care
 - Skilled Care*
 - Intermediate Care*
 - Custodial Care/Stand-by Assistance*
- Adult Day Care
- Assisted Living Facilities
- Respite Care
- Nursing Homes
- Alzheimer's Centers

There are 3 levels of LTC:

CUSTODIAL CARE

95% of long term care patients in convalescent care facilities or in one's home receive custodial care.

INTERMEDIATE CARE

4.5% of long term care patients receive intermediate care. Nursing & rehabilitation services which require physician supervision. Licensed personal, such as RNs & therapist, are required for some services. Other services may be provided by LPNs or Nurse's Aides.

SKILLED CARE

.5% of long term care patients receive skilled care. Medically necessary care provided continuously by licensed medical professionals working under the order of, or direct supervision of, a physician. Medicare's definition of skilled care is extremely restrictive.

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WITHOUT LTC
INSURANCE,
CARE GIVING CAN BE
very COSTLY
TO YOUR BUSINESS.

Care giving by your employees does cost you money whether you realize it or not. Lost time, reduced productivity, phone calls made on the job -- all of these expenses are being paid for by you, the employer.

DID YOU KNOW THAT:

- 14.4 million working Americans provide care for elderly relatives
- The annual cost to employers is \$29 billion in lost productivity
- Researchers predict that in 2010 there will be ten million new cases of Alzheimers disease.
- 60% of employee caregivers are late, leave early or take long lunches "regularly" to provide care
- 9% decline promotions and business trips
- 12% decline special projects
- An employee caregiver can cost his/her company an average of \$2,500 per year in lost productivity

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LTC IS NOT JUST A
“SENIORS” ISSUE

Many people believe that Long Term Care insurance is something that is just for seniors. But you may be surprised. In fact, of the people needing LTC...

- **43%** are under age 65
- **40%** are working adults age 18 to 64
- **3%** are children under the age of 18

FYI - The best time to buy LTC Insurance is when you're relatively young(ish) -- in your 40s or 50s. You can take advantage of preferred health discounts and lock in lower age rate structures. Plus, if you buy a policy in your mid-40s, your premiums are going to be a lot less than if you wait to buy it when you're 65. And here's an important point: if you try to buy LTC insurance in your 50s or 60s and you're not healthy -- you could be turned down altogether.

The truth is, about half of the people that will read this article are going to need some type of Long Term Care Insurance - and many of them before they're 65!

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LONG TERM CARE
INSURANCE IS A
CUTTING EDGE BENEFIT

Adding long-term care insurance to your company's benefit plan is a cutting edge benefit. Legislation affecting LTC insurance policies now allows employers to:

- Enhance your ability to recruit and retain your valuable employees
- Demonstrate you care about your employees and their families in a very tough economy
- Show that your company is a leader in your industry by providing this vital employee benefit
- Be financially savvy: LTC Insurance paid as a deductible business expense is not only a valuable executive benefit, it's also far less expensive than added bonus income to the employee that has associated FICA costs to the business.

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WHY ARE SO MANY
EMPLOYEES INTERESTED
IN LONG TERM CARE
INSURANCE?

In the last 5 years, studies show that there is an increase in the demand for LTC offerings in the workplace. Analysts predict that employees may:

- Have a personal experience where a grandparent, parent, other family member or friend needed LTC help
- Have a desire to plan for future individual and family needs
- Want the convenience of payroll deduction
- Appreciate the value of buying an employer-negotiated policy
- Enjoy the availability to extended family and retirees with similar benefits and discounts

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WHY OFFER LONG TERM
CARE INSURANCE THROUGH
YOUR BUSINESS?

FAVORABLE TAX TREATMENT

- As an employer, you may determine eligible individuals for a company-paid plan by “class” of employees (i.e. Executive Carve-Out)
- Employers premium contributions made for the employee and his/her spouse may be 100% deductible as an ordinary business expense
- Benefits payable under this policy are not considered income to the insured
- Employee Long Term Care Insurance contributions are NOT currently eligible for pre-tax consideration under the IRS Sec. 125 plan

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HOW DO PEOPLE PAY FOR LONG TERM CARE IF THEY DON'T HAVE LONG TERM CARE INSURANCE?

WHAT ARE THE LTC FINANCING OPTIONS?

- Medicare/Medigap
- Qualify for Medicaid
- Rely on Family to Pay
- Self-Insure

WHO PAYS FOR LONG TERM CARE EXPENSES?

- You (Out-of-Pocket) 48%
- Medicaid 41%
- Medicare 8%
- Other 3%

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WHAT IF YOU DID DECIDE
TO OFFER LTC INSURANCE...
WHAT ARE SOME VARIABLES?

Simply speaking, there are 4 variables to consider when designing a Long Term Care insurance policy package:

#1. BENEFIT AMOUNT

- How Much Daily/Monthly Coverage will you need?
- Will you need \$50/Day or \$500/Day?

#2. LENGTH OF BENEFIT

- How Long Do You Want The Benefit To Last?
- Do you want 2,3,4,5,6,10 Years or do you want Lifetime/Unlimited Coverage?

#3. INFLATION PROTECTION

- How do you want to keep pace with inflation?
- No Rider, Cost of Living/CPI Increases, 5% Simple, 5% Compound

#4. ELIMINATION PERIOD

- How Long Do You Want To Self-Insure Before Benefits?
- When do you want the benefits to kick in?
0,20,30,60,90, 100, 180 or 365 Days?

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WHAT DOES THE TYPICAL
EXECUTIVE
LONG TERM CARE
COVERAGE
LOOK LIKE?

Here's what a typical Executive Coverage looks like:

#1. BENEFIT AMOUNT

\$170 per day or \$5,100 per month

#2. ELIMINATION PERIOD

90 days

#3. BENEFIT DURATION

5 years

#4. INFLATION TYPE

5% Compounded Annually

*Home Care and Facility care included

PLEASE NOTE:

Even this "typical" LTC coverage is:

- Fully Portable
- Individually Owned
- Fully Integrated Protection (includes benefit for in-home, community, assisted living, and nursing home)

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WHERE CAN CARE
BE ACCESSED?

Comprehensive Long Term Care consists of the following:

FACILITY

- nursing home
- assisted living
- Alzheimer's
- hospice
- hospital LTC unit
- adult day care
- respite

HOME AND COMMUNITY

- nurses
- therapists
- aides
- homemaker/chore
- companion
- home hospice
- home modifications
- therapeutic devices
- emergency alert
- ambulance

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WE ARE LONG TERM CARE
SPECIALISTS.
(AND THAT MAKES
A DIFFERENCE.)

At Mensh Insurance we have already designed and implemented dozens of corporate programs ranging from 1 person to several hundred insureds. We have maintained a 15 year ongoing partnership with the country's largest LTC Insurance only wholesaler, The Haslett Management Group from Reston, VA. Together, we make the most experienced LTC Carve-Out specialists in the United States and bring over 400 total Corporate account experiences to the next client opportunity. We can help your company with the review, design and implementation of Individual, Group and/or Association LTC insurance programs.

WE'RE DEDICATED TO PROVIDING SOLUTIONS FOR MINIMIZING THE CATASTROPHIC COST ASSOCIATED WITH LONG TERM CARE.

Mensh Insurance stands out from other Insurance providers in this field because we are LTC specialists. We have:

- a vast knowledge of the Long Term Marketplace.
- the know-how to help your business explore appropriate insurance carrier solutions.
- experience. We've already helped over 300 clients access benefits -- when they needed it the most.

Beers & Cutler

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ABOUT MENS H INSURANCE



Insurance has been a family tradition in the Mensh Family since 1968. We offer straightforward, sound advice and money saving strategies for:

- Life Insurance
- Disability Insurance
- Long Term Care Insurance
- Health Insurance

We've served over 1,000 customers in 30 states. And we'd like to help you. Our goal is to:

- Protect your health and the health of your family members
- Protect your assets
- Prepare for emergencies

ABOUT OUR PRESIDENT, DANNY MENS H

Daniel S. Mensh became President of Mensh Insurance in 2007. He is certified in Long Term Care, having passed the industry leading CLTC designation program. In addition to this prestigious qualification, Danny has over 10 years of experience as a Long Term Care Insurance specialist.

Danny's knowledge of the insurance industry and particularly issues relating to Long Term Care has made him a popular "go-to" person for questions regarding these types of policies. He has:

- Appeared on radio and filmed educational programs
- Written articles in local and regional magazines and newspapers
- Been featured in an Article in *The Business Journal of The Triad in North Carolina* (February 2008).
- Danny received his BA at Duke University and is active in the Duke Alumni Association in North Carolina. Danny is also a member of:
- The National Association of Insurance and Financial Advisors
- The National Association of Health Underwriters
- The American Association of Long Term Care Insurance

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WHAT OUR CLIENTS HAVE TO SAY ABOUT US

“It is a privilege to provide a testimonial on behalf of Mensh Insurance and more specifically – a personal endorsement of Danny Mensh. Danny has handled a very large and very diverse group of senior executives at Reznick Group for over five years. Danny consistently meets and exceeds our expectations of a world class service provider. In addition, he is incredibly well versed in the products he sells and always goes the extra mile to ensure that everything goes smoothly with our account. When we describe exceptional client service inside our firm – we always refer to Danny Mensh and the goal of providing our clients with the kind of great service Danny provides us.”

Risa Guber
Principal and HR Director
The Reznick Group