

Going Beyond Traditional Care Solutions

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Clients' Fears about the Future

Client top concerns

77% of Americans are anxious about their financial situation.¹
In meeting with clients, you've probably noticed similarities in their concerns for the future.²



42%
outliving
their money.



34%
possible long-term
care costs.



39%
declining health requiring
long-term care.



32%
cognitive decline,
dementia, Alzheimer's.



38%
reduced Social Security
or ceases to exist.

Since outliving their money is the top concern, is there a way you can help alleviate that stress knowing the rising cost of health care is a close second concern? Yes! Offering clients alternative long-term care solutions that go beyond the traditional strategies.

Alternatives that Benefit Everyone

Change the conversation

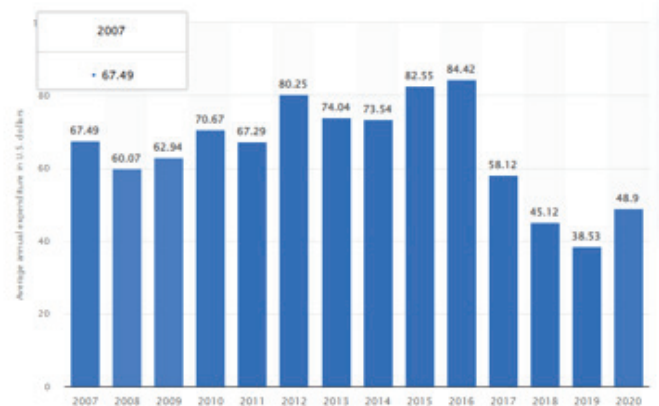
Investment Advisor Representatives (IARs) present themselves as holistic financial planners and in doing so, they hold a fiduciary responsibility to address long-term care (LTC) needs for their clients.

Traditional LTC solutions can be complicated and challenging in the financial-planning process when it comes to underwriting, the costs associated with it and source funding qualified versus non-qualified. Guess what? Not anymore.

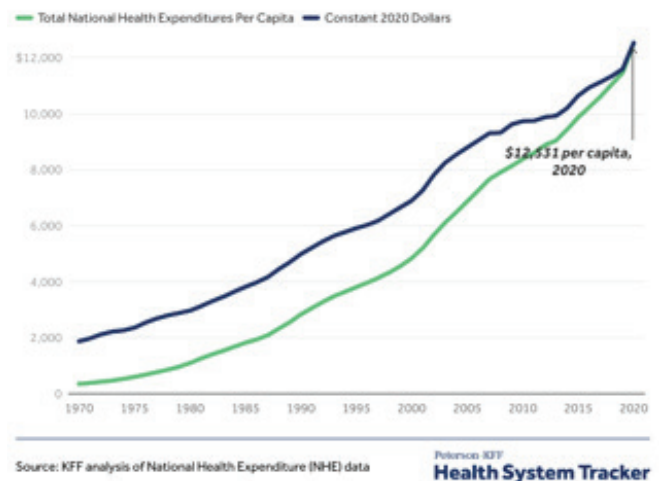
The insurance industry has evolved and created LTC solutions that go beyond the traditional LTC insurance option. These alternative strategies leverage client assets to address multiple risk-management needs in one solution, so your clients can be assured their investment is working for them in the best way possible.

It's unsettling to know every year you're having a tough conversation where you're explaining to your clients why their LTC rates have skyrocketed yet again. By offering these alternatives, you change the conversation from negative to positive, give them flexible options. By bundling their needs, it's beneficial to all involved.

LTC Market Potential is Growing, Shrinking Purchases of Long-Term Care Insurance¹



Risking Health Care Costs Far Exceed Pace of LTC Sales²



National Median Cost Associate with Long-Term Care Services

Care outpaces inflation

Long-term care is outpacing inflation. In 2021, the cost of care revealed the highest year-over-year increase in home care services.⁵ How does the cost stack-up?

Various Types of Care & Median Expenditures

HOME	Homemaker Services: Services providing help with household tasks that cannot be managed alone. Homemaker services includes “hands-off” care such as cooking, cleaning and running errands.	National Median Hourly Rate \$26.00	Change Since 2020 10.64%	Five-Year Annual Growth¹ 5.39%
	Home Health Aide Services: Home health aides offer services to people who need more extensive care. It is “hands-on” personal care, but not medical care. The rate listed here is the rate charged by non-Medicare certified, licensed agency.	National Median Hourly Rate \$27.00	Change Since 2020 12.50%	Five-Year Annual Growth¹ 5.92%
COMMUNITY	Adult Day Health Care (ADC): Provides social and support services in a community-based, protective setting. Various models are designed to offer socialization, supervision and structured activities. Some programs may provide personal care, transportation, medication management and meals.	National Median Hourly Rate \$78.00	Change Since 2020 5.41%	Five-Year Annual Growth¹ 2.78%

Going Beyond Traditional Care Solutions

Various Types of Care & Median Expenditures *Continued*

FACILITY	Assisted Living Facility (ALF): Residential arrangements providing personal care and health services. The level of care may not be as extensive as that of a nursing home. Assisted living is often an alternative to a nursing home, or an intermediate level of long-term care.	National Median Monthly Rate \$4,500	Change Since 2020 4.65%	Five-Year Annual Growth¹ 4.40%
	Nursing Home Care: These facilities often provide a higher level of supervision and care than Assisted Living Facilities. They offer residents personal care assistance, room and board, supervision, medication, therapies and rehabilitation, and on-site nursing care 24 hours a day.	<i>Semi-Private Room</i>		
		National Median Hourly Rate \$260	Change Since 2020 1.96%	Five-Year Annual Growth¹ 2.93%
		<i>Private Room</i>		
		National Median Hourly Rate \$297	Change Since 2020 2.41%	Five-Year Annual Growth¹ 3.25%

Let's Explore a Qualified Money Solution

Client profile with course of action

Client Profile

Client has a LTC need with no cash flow or non-qualified assets to secure the LTC solution.

Your Recommendation

Fixed Indexed Annuity (FIA) products with a Guaranteed Lifetime Withdrawal Benefit (GLWB). Why? These riders provide an enhanced liquidity feature to cover LTC-type expenses.

Clients will receive an enhanced payout typically:

- 2X's guaranteed income.
- Specified time frame.
- Generally, 5 years (60 months).

Joint payout options may be available with limitations.

Enhanced payout usually stops when policy cash value reaches zero.

What It Involves

Pre-Qualification Process

Not in an LTC facility and/or can perform all six Activities of Daily Life (ADLs) at policy issue that include:



BATHING



CONTINENCE



TOILETING



EATING



DRESSING



TRANSFER

Post-Issue Activation of Benefit

Policy "waiting period" before benefit is active.

- Waiting period: varies by carrier (two to 10 years).
- Elimination period (similar to 90-day component).
- Unable to perform two of the six ADLs for specified time frame.
- Diagnosis from a qualified source.

Expense

Generally included in the cost of the income rider.

Let's Consider Non-Qualified Money Solutions

Option A: Fixed Annuity with LTC Rider

Client Profile

Client has a LTC need and has sufficient non-qualified assets in a fixed annuity, cash value life policy or after-tax account. The individual does not qualify or like the traditional LTC proposition and he does not have an insurable interest.

Your Recommendation

Fixed annuity with a LTC rider that allows 1035 exchanges or a single premium.

Clients will receive a leveraged benefit:

- Typically, two to three times the cash value for a specified time frame.
- Limitations apply.
- Joint payout option may or may not be available (state specific).
- Annual max benefit is limited.
- Early utilization or qualification will result in a lower annual maximum benefit and extends time of policy coverage.
- May be possible for deferred gains to be taken income-tax-free with LTC qualifying expenses.

Expense

Cost is an age- and/or asset-based fee, which is deducted from the cash value either monthly or quarterly.

Let's Consider Non-Qualified Money Solutions

Option B: Universal Life Policy with LTC Rider

Client Profile

Client has a LTC need and has sufficient non-qualified assets in a fixed annuity, cash value life policy or after-tax account. The client also possesses a cash-flow surplus for annual premium payment and does not qualify or like the traditional LTC proposition.

Your Recommendation

With recent advances, there are more affordable life insurance solutions with LTC riders that allow for 1035 exchanges, flexible premiums or single-premium arrangements.

What It Involves

Underwriting & Pre-Qualification Process

Not in an LTC facility and/or can perform all Six Activities of Daily Life (ADLs) at policy issue that include:

- Normal life underwriting process.
 - Qualification of LTC benefit after policy issued (varies by carrier).
 - Elimination period: 90 days.
 - Cannot perform two of six ADLs for specified time frame.
 - Diagnosis from a qualified source.
 - For proof of need, some require confinement; some do not.
-

How it Works

- It's cash value life insurance with an LTC rider providing a benefit that's a percentage of the policy face amount (2 to 5%).
 - Premium flexibility; typically 5 to 10% higher with a LTC benefit.
 - LTC costs are covered through reduction of death benefit.
 - Typically, there is a max LTC pool, which is a percentage or face amount less a set amount.
-

Expense

Cost is an age- and/or asset-based fee, which is deducted from the cash value either monthly or quarterly.

Doing What's Best for the Client

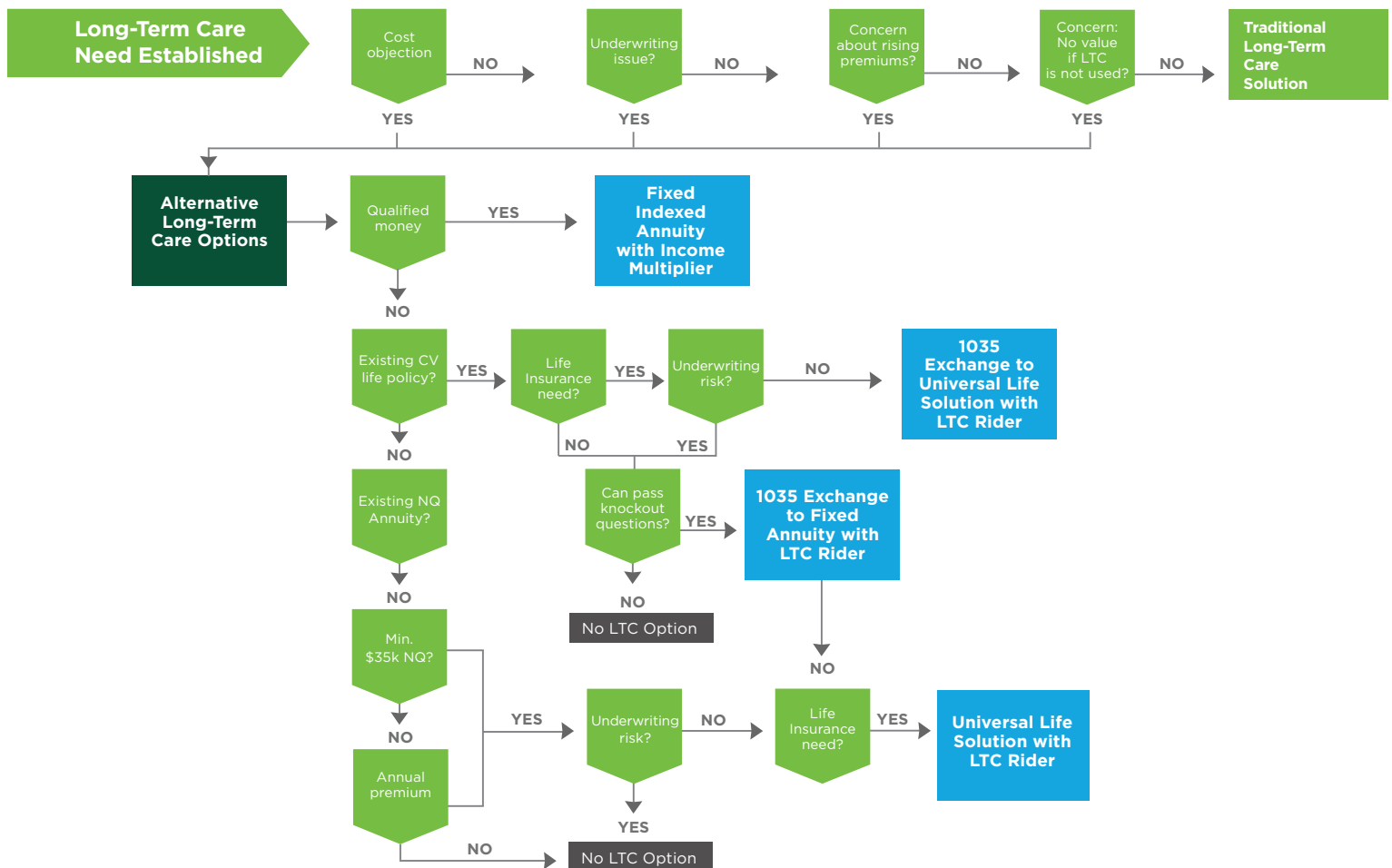
Engage the discovery process

There can be many what-ifs and circumstances for each individual such as health issues and limited assets. So, as a holistic financial planner, how do you know which option is best for your client? By asking the right questions.

To help facilitate the discovery process with your clients, we created a long-term care decision tree that gives you the ability to easily point them in the right direction. Other options you may need to consider are disability, chronic illness and LTC expense riders. As always, we encourage you to reach out to your CreativeOne Wealth team with any additional guidance you might need throughout this process. We're here to make it easier on you and your client.

Long-Term Care Decision

Versatile options beyond traditional long-term care strategies



Carrying Out Your Part

Being holistic financial planner

With a higher fiduciary responsibility, you push yourself, doing your due diligence in finding solutions for your clients, which makes you a better financial planner. That's exactly what these LTC alternatives offer you: the opportunity to change the conversation from negative to positive, give your clients flexible options and by bundling their needs, you're doing what's best for them and yourself.

Here are some stats to spark care discussion with your clients.



2/3 of adults worry about being a burden to their family.⁶



1/3 of millennials say pandemic impacted LTC planning for loved ones.⁶



Nearly 3/4 of adults prefer to receive long-term care in their home.⁶



Despite financial background, 2 out 5 expect their parents to live with them when they retire.⁶
Are their spouses ready for this?



Baby boomers surviving to age 65 can expect to live an average of 20 more years. Roughly 70% of people over 65 require some form of long-term-care services.³



Dual-generation households have spiked
23% indicating dual incomes support family lifestyles.⁶



70% of seniors will need some form of long-term care.⁷



Cost of long-term care: typical, annual care:⁴
Nursing home: \$85,800-\$150,000
Assisted living facility: \$51,600
Full-time in-home care: \$4,385

Most American adults agree they should know more about LTC insurance than they currently do; lack of knowledge leads to misperceptions about the costs and funding sources for long-term care.³

Don't Forget about Mom

Are clients just a husband away from poverty?

Women live 6 1/2 years longer than most men. On average men older than 65 live on \$14,357 a year and women are just \$8,189. In a study, 1/3 of all American women 65 and older live on less than \$10,000 a year.⁹

Here are some stats to spark discussion with your clients.

On average, women
**stay in long-term
care facilities
1.5 years longer
than men.**⁸

2/3
of long-term care
claim benefits are
for women.¹¹

Female caregivers are
**almost 3x
more likely
to end up in poverty.**¹¹

Nearly 48%
of women over the
age of 75 live alone.
(Only 22% of men live alone).¹¹

Women are
5x more likely
to depend on Social Security benefits.¹¹

Over 70%
of nursing home residents are women.¹⁰

75%
of those providing
home care are female
(most often daughters).¹¹

ABOUT THE AUTHOR



William Lane, Jr., MBA

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When it comes to designing solutions for advisers, no two cases are alike, and no two clients have the same needs.

William relies on more than a decade of experience as a successful wealth manager to assist advisers in tailoring the best client solutions possible. William has a clear understanding of what advisers expect in a trusted strategic partner. Focusing on exceptional customer service, product intelligence and operational efficiency, William can quickly add value to an adviser's production levels.

After graduating from the University of Kansas with a bachelor's degree in psychology and a master's in investment finance, William spent the first decade of his career in product marketing and new business management before transitioning into the financial services and insurance industries. He excelled as a portfolio manager at his independent family-owned financial planning firm, increasing its market value 250 percent in eight years. After he sold the firm, William became a relationship manager for USAA Wealth Management. At USAA, he provided integrated financial planning solutions for retired military officers using fee-based asset management and life insurance.

William joined the CreativeOne Wealth team's risk management division to provide exceptional support that financial advisers expect when growing their business.

William holds series 63, 66 and 7 securities registrations, and is earning a Certified Financial Planner™ designation through the American College.

Going Beyond Traditional Care Solutions

CreativeOne Wealth Can Help Enhance Your Market Offerings

We're a registered investment advisory firm who knows insurance and works inside of different firm structures to help enhance risk management.

Implementing risk management as a new division or simply refreshing the firm's strategy can be done simply, close to no-cost and fast. CreativeOne Wealth has specialists that can help guide the structure of your insurance business and successfully train-up advisers. We provide the resources to eliminate cumbersome designs and conduct in-depth product research. We also invest in advisers by providing industry-leading growth incentives.

By working with CreativeOne Wealth's team of insurance specialists you can:

- Eliminate the guesswork in insurance compensation grids.
- Build efficient workflows.
- Experience easy contracting (down lines, hierarchy, and firm reporting).
- Review and package cases with medical and financial underwriters.
- Offer clients intricate case designs for family endowments, foundations and corporations.

Whether you're a seasoned general agent, part of a financial planning firm or focused on comprehensive wealth management, your dedicated team will get to know you and your business from top to bottom. We'll use that knowledge to help you achieve your goals.

Experience an advisory team who's one of the best in infusing insurance into advisory practices from practices with \$25M in assets under management to over \$3B.

Schedule time with our team. 888.798.2360

- ¹ Mind over Money survey by Capital One and The Decision Lab, 2021.
- ² Transamerica's Retirement Survey, 2021.
- ³ The Prudential Insurance Company of America: Long-Term Care Cost Study, 2010.
- ⁴ <https://www.consumeraffairs.com/insurance/cost-of-long-term-care-insurance.html>
- ⁵ Bureau of Labor Statistics.
- ⁶ Nationwide 2021 Long-Term Care Survey.
- ⁷ Administration for Community Living, 2020.
- ⁸ Genworth Long-term Care Study, 2020.
- ⁹ U.S. Census.
- ¹⁰ <https://www.cdc.gov/nchs/fastats/nursing-home-care.htm>
- ¹¹ <https://www.aaltci.org/long-term-care-insurance/learning-center/for-women.php>



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