



Long Term Care Needs Analysis

Prepared for:

Young, Todd and Sylvia

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Long Term Care Needs

Long Term Care Analysis for Todd

Long Term Care (LTC) needs analysis is intended to identify the impact that a Long Term Care event would have on an individual or family's finances and determine the amount of coverage that would be needed to adequately protect them. If Todd were to require Long Term Care, would you be in a position to protect your hard earned savings?

Statistics show that over 40% of people aged 65 and older will enter a nursing home before dying and that the average nursing home stay lasts more than 2.8 years. In fact, approximately 10% of persons requiring nursing home care will stay for 5 years or longer. Nursing homes averaged \$50,000 annually in 2000, and easily up to \$100,000 in some regions. By 2030, a year in a nursing home could cost well over \$200,000. According to the Health Insurance Association of America, neither Medicare nor private Medicare supplement insurance nor the health insurance you may have either on your own or through your employer will pay for long term care.

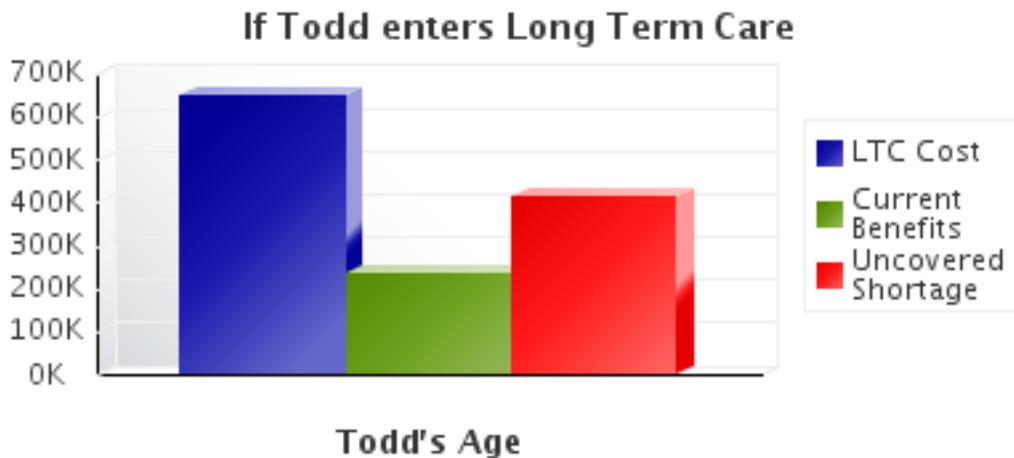
Planning Assumptions

Following are the LTC needs assumptions based on information that you provided.

Client	Todd
Age when LTC event occurs	65
LTC duration (years)	4 years
Daily Costs	\$171
Annual Cost Increase	5.00%
Does client have existing LTC policies?	No
Does client have existing LTC policies?	No
Existing policy(s) Daily Benefit	\$0
Existing policy(s) Annual Premium	\$1,000

Long Term Care Results

The following graph shows the cost of long term care and Todd's uncovered shortage based



The following table summarizes your LTC need if Todd required the specified long term care stay.

LTC Care Cost	\$647,420
Current Benefits Would Cover	\$233,854
Uncovered Shortage	\$413,566
Existing policy(s) Total Premium Payments	\$18,000

Long Term Care Needs

Long Term Care Analysis for Sylvia

Long Term Care (LTC) needs analysis is intended to identify the impact that a Long Term Care event would have on an individual or family's finances and determine the amount of coverage that would be needed to adequately protect them. If Sylvia were to require Long Term Care, would you be in a position to protect your hard earned savings?

Statistics show that over 40% of people aged 65 and older will enter a nursing home before dying and that the average nursing home stay lasts more than 2.8 years. In fact, approximately 10% of persons requiring nursing home care will stay for 5 years or longer. Nursing homes averaged \$50,000 annually in 2000, and easily up to \$100,000 in some regions. By 2030, a year in a nursing home could cost well over \$200,000. According to the Health Insurance Association of America, neither Medicare nor private Medicare supplement insurance nor the health insurance you may have either on your own or through your employer will pay for long term care.

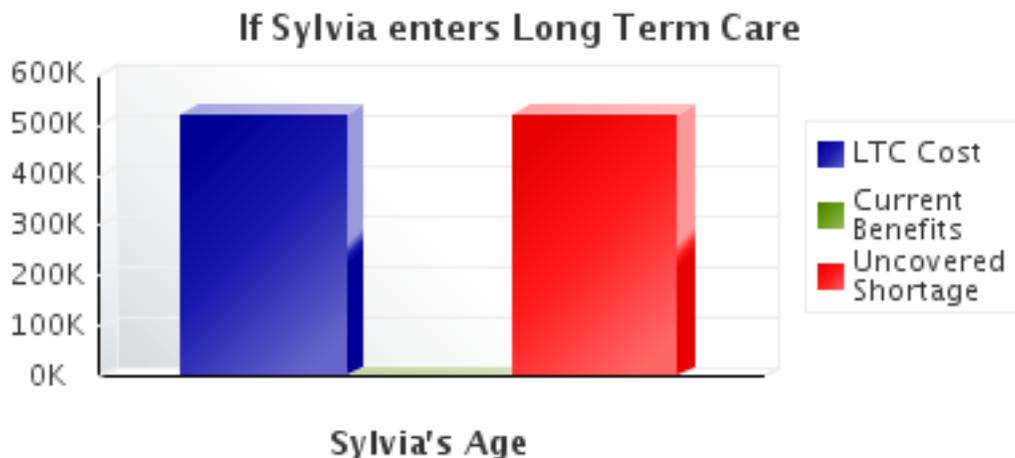
Planning Assumptions

Following are the LTC needs assumptions based on information that you provided.

Client	Sylvia
Age when LTC event occurs	65
LTC duration (years)	Avg - 3 years
Daily Costs	\$171
Annual Cost Increase	5.00%
Does client have existing LTC policies?	No
Does client have existing LTC policies?	No
Existing policy(s) Daily Benefit	\$0
Existing policy(s) Annual Premium	\$0

Long Term Care Results

The following graph shows the cost of long term care and Sylvia's uncovered shortage based



The following table summarizes your LTC need if Sylvia required the specified long term care stay.

LTC Care Cost	\$522,072
Current Benefits Would Cover	\$0
Uncovered Shortage	\$522,072
Existing policy(s) Total Premium Payments	\$0

Long Term Care Facts

Who Needs Long Term Care?

- In the year 2020, some 12 million older Americans are expected to need long-term care. (1)
- Over 40% of those aged 65 and older will enter a nursing home before dying. (1)
- The U.S. Government Accounting Office estimates that 40 percent of the 13 million people receiving long-term care services are between the ages of 18 and 64. (1)
- Over 70% will require home health care services. (1)
- Women are two (2) times as likely as men to need long-term care because they live longer. (2)

Compare

- Odds of using homeowners insurance ----- 1 in 88
- Odds of using automobile insurance ----- 1 in 47
- Odds of using long-term care insurance ----- 2 in 5 (3)

How Long?

- The average nursing home stay lasts more than 2.8 years. (4)
- About 20% will stay in nursing homes for 5 years or longer. (5)

How Much?

- The median cost for a one-year stay in a nursing home is \$75,000 (6)
- Nursing homes averaged \$50,000 annually in 2000, and easily up to \$100,000 in some regions. (1)
- By 2030, a year in a nursing home could cost well over \$200,000. (2)
- Premium payments will increase the longer you wait.

What about Medicare and Medicaid?

- Medicare pays only about 12 percent for short-term skilled nursing home care following hospitalization. (1)
- Medicaid pays benefits either immediately, for people meeting federal poverty guidelines, or after nursing home residents exhaust their savings and become eligible. (1)

1. A Guide to Long Term Care Insurance, HIAA, 2002
2. American Council of Life Insurers (ACLI), 2001
3. Journal of the American Society of CLU, 1996
4. Conning and Company, "Long Term Care Insurance Baby Boom or Bust?", 1999
5. New England Journal of Medicine, 1991, 324(9):595
6. ACLI web site