



# LTC News



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## Wives Not Sure Husbands Can Live Alone

Spouses might be a long term care insurance agent's best friend. A unit of MetLife Inc., NY, has published data supporting that conclusion in a report on a survey of 1,000 U.S. residents over age 50 conducted in August by researchers at Mathew Greenwald & Associates, Washington.

The researchers found that spouses have much more pessimistic views about their husbands' ability to live alone than the husbands have about their wives.

Most of the men and women surveyed believe they are prepared to live alone if their spouses die, and 83% of the men say their wives would be prepared to live alone. But only 67% of the women surveyed said they thought their husbands were prepared to live alone.

Only 7% of the men thought they were unprepared to manage their own health care, and only 11% of the men thought

they were unprepared to maintain activities outside the home. About 14% of the men said they were unprepared to handle cooking. But 25% of the women thought their husbands were unprepared to manage their health care, 24% were worried about their husbands' ability to stay active outside the home, and 27% were worried about their husbands' ability to cook.

### Other study findings:

- 21% of the survey participants believed, incorrectly, that they could pay for long term care with Medicare.

- 7% of the men and 9% of the women believed that they could pay for long term care with ordinary health insurance. MetLife's Mature Market Institute sponsored the study together with the health care options of AARP, Washington.

### Ohio Long Term Care Brokers

Denise Gott, MBA, CLTC  
President

David M. Miller, CLTC  
VP Sales & Training

Heather R. Green  
Manager of New Business

John Carney  
Sales, Columbus Office

1922 Lorain Rd. Ste 202  
Cleveland, OH 44126

Ph: 440-461-5131  
Fax: 440-461-4503  
Toll Free: 800-461-2051

www.ohioltcbrokers.com  
Email: ohioltc@core.com

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## Ten-Pay Has Wide Appeal To Boomers

Many Boomers realize that long term care is a big gap in their retirement planning. One of their biggest concerns is: How do you pay for premiums after you retire?

That is why 10-pay plans appeal to many clients in the boomer generation, producers say. These policies let them provide for future LTCI needs while they are still in their peak earning years.

Not everyone will be able to afford the 10-pay option, however. Because it can be tough to find the money to pay annual premiums of \$2000 and \$3000 or more, many agents see 10-pay as a product most suitable for the business market place.

Still, many boomers have reached the point where they can afford it, if the agent is mindful, 10-pay is appropriate only for the consumer who has a strong income stream.

For the most part, however, it's the business market that offers the most promise. "10-pay has seen a sales increase primarily with the high income, self employed professionals," agrees Kevin J. Johnson, president, New York Long Term Care Brokers Ltd., Clifton Park, N.Y.

The best prospects are business owners looking to maximize deductions, particularly C-corporation owner. Unlike sole proprietorships, other forms of business income is reported on the individual's personal income statement, C corporations allow the owner to take the money spent on LTC insurance out of the company's retained earnings.

Another big advantage: Policy owners lock in premiums for at least a good part of the 10-year period, Johnson points out. "For people who have ample disposable incomes, it makes all the sense in the world," he says. "And today, many of the newer plans offer return of premium upon death, so there's a triple benefit there." For many boomers under the age of 55, he notes, the "pay to 65" plans now offered by some carriers can be a

good alternative to 10-pay. These policies, which are paid up by the time the client hits 65, offer slightly cheaper premiums. Johnson estimates that 10-pay policies will account for about 5% of his LTCI sales this year and could grow to 10% or 15% the next year.

Claude Thau, president of Thau Inc., Overland Park, Kan., also has seen significant growth in 10-pay, primarily in the executive carve out market. "In any entity that has its own separate tax return, the entire cost of the LTC premium is tax deductible," he points out. "So, 10-pay is highly attractive. A 10-pay program protects your entire retirement cash flow and also benefits you because you know that after 10 years, you won't have to pay premium increases. . Even if the premium were raised after 7 payments, you would still have only 3 years to pay it up."

10-pay can be especially attractive to boomers because often these people who do not qualify for medical expense deductions due to their high income and the 7.5% of income exemption for medical expenses, Thau observes. "These are the people who need to buy LTC insurance through their business or convince their employers to buy it for them," he adds.

Typical policies Thau sell include a 5% annual inflation feature, lifetime benefits, full home health care coverage and an elimination period that varies according to the individuals preferences. Indemnity plans also are growing in popularity, because they allow beneficiaries to pay family care givers directly. Johnson says the key to sales growth in 10-pay is to make a point of talking to boomer clients who have the income to support it. "Bring it to people's attention as an alternative to paying long term care premiums for the rest of their lives," he advises.

### **Sales Training Forum— Thursday Feb 3, 2005**

We will be holding a *Sales Training Forum* for interested producers on February 3, 2005 from 10 AM to 2 PM at **Lockkeeper's Inn, Old Rockside Rd. Independence**. We will be covering Multi-Life Sales of Long Term Care Insurance—How to find the right prospects, market and implement a long term care insurance benefit for a small business. **Advanced Sales ideas and 2 Hours of CE!** Invitations will be distributed, but if you want to reserve your spot early, please call Heather at 1-800-461-2051 or email us at [ohioltc@core.com](mailto:ohioltc@core.com) and leave your name and phone number. If you are contracted with Ohio Long Term Care Brokers, there is NO CHARGE. **If you are not contracted the cost will be \$20 per person for lunch and continuing education.** If you write business with us in the next 6 months following the program, we will refund your \$20! **CALL TODAY TO RESERVE YOUR SEAT, 1-800-461-2051.**