

Long-Term Care Insurance Decisions Workbook



MetLife[®]

planning made easy



CLIENT NAME		DATE
ADDRESS		
CITY	STATE	ZIP

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THE TOPIC OF LONG-TERM CARE (“LTC”) MEANS DIFFERENT THINGS TO DIFFERENT PEOPLE

Unfortunately, most people don’t even think about Long-Term Care as they plan for future financial goals and ultimately, their retirement. However, failure to consider the issues associated with Long-Term Care could risk many of your client’s most important personal and financial objectives.

You have a responsibility to help your clients understand the issues associated with Long-Term Care and how these issues could impact their lifestyle and family. If these issues are a concern to your client, you can assist in building a plan to help cover the costs and face the challenges of care. Planning for Long-Term Care can help your clients maintain their independence and preserve the emotional and financial health of their families.

USING THE LONG-TERM CARE INSURANCE DECISIONS WORKBOOK

The workbook is designed to promote awareness and generate dialogue about Long-Term Care planning. You’ll be able to help your client internalize what a Long-Term Care scenario would mean to them and answer some important questions about how it could affect their family. Also, you’ll be able to help your client evaluate the financial impact of Long-Term Care and how their current finances and future objectives might be affected. Finally, based on your client’s input, this workbook will help you design a customized LTC Insurance plan.

Using the workbook is easy. Just follow the steps as outlined to “prompt” important dialogue about Long-Term Care with your client; evaluate their concerns and financial exposure and, if appropriate, design a LTC Insurance plan that will meet their needs and objectives.

REMEMBER

Ultimately, your client needs to decide if and how they will plan for Long-Term Care. You need to make sure your client understands that the choices made today can determine how they and their families will live in the future. It’s your responsibility to help them understand Long-Term Care so they can make responsible, conscientious decisions.

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Step 1

MAKING SURE YOUR CLIENT UNDERSTANDS THE ISSUES OF LONG-TERM CARE

Open the dialogue with your client and offer some important information about the issues of Long-Term Care. Be prepared to answer questions such as: What is Long-Term Care? What are the costs of care in your client's area? Who will pay for Long-Term Care?

You may want to begin the conversation by asking whether or not your client has had a personal Long-Term Care experience. You may find that many may have an increased awareness or are concerned about their own future care because of that experience. It's important that you have an understanding of any personal experience your client may have had with Long-Term Care.

Start your session by asking:

"Do you know anyone who has had a Long-Term Care experience?"
"If yes, what can you tell me about it?"

THE FOLLOWING SAMPLE QUESTIONS WILL ALSO EXPAND THE DIALOGUE WITH YOUR CLIENT:

What was the nature of the illness or impairment that led to the need for Long-Term Care assistance?

When did this incident happen?

Where was care provided?

Were family members involved in providing care?

How well did the family deal with the emotional and physical challenges of caregiving responsibilities?

Were jobs or family situations impacted?

If yes, how?

Do you recall the expenses associated with providing care?

How was the care paid for?

Your client's level of Long-Term Care awareness, their own experiences and how well they were able to answer your questions, may require you to supplement their understanding with additional information. Don't hesitate to share your own personal Long-Term Care experiences as well.

You'll want to make sure that your client has a clear understanding of what Long-Term Care is, how much it can cost and the impact Long-Term Care can have on a family.

The following MetLife materials are recommended to help supplement your Long-Term Care dialogue with your client.

INDIVIDUAL BUSINESS MARKETING MATERIAL

Sales Track Brochure

VIP2 Product Brochure

METLIFE MATURE MARKET INSTITUTE MATERIAL

The MetLife Market Survey of Nursing Home and Home Care Costs

Long-Term Care Insurance: The Essentials®

Ten Key Considerations for Consumers

Alzheimer's Cost Study

The MetLife Study of Employed Caregivers: Does Long-Term Care Insurance Make a Difference?

American Attitudes Towards Retirement: What's Changed?

The MetLife Long-Term Care IQ Test

SINCE YOU CARE GUIDES

Family Caregiving

Medicare & Medicaid Programs-The Basics

FPO

starting the conversation

Step 2

DETERMINING WHETHER OR NOT LONG-TERM CARE ISSUES ARE OF PERSONAL CONCERN TO YOUR CLIENT

Your client should now have a basic awareness of what Long-Term Care is all about and you should be aware of any personal Long-Term Care experiences they may have had in the past. It's time to see how your client personally feels about Long-Term Care and their level of concern.

The questions in Step 2 will ask your client to think about important Long-Term Care issues such as caregiving, independence, control and their legacy. Based on your client's answers, you'll be able to determine the level of concern your client has about Long-Term Care before moving onto Step 3.

fact

For the Baby Boomer generation (those born between 1946-1964), there are three major concerns about retirement — becoming sick, becoming dependent on others and outliving their income.

MetLife Mature Market. "The MetLife Mature Market Survey of American Attitudes About Retirement." October 2005.

The point scale varies for each question and can be found at the bottom of each answer option. Record points in the boxes provided and total at the bottom of each page. Use the space on the inside margin for additional notes.

1. Anticipating your potential need for Long-Term Care assistance, which statement best describes your attitude toward having your spouse* become your primary caregiver?

- A. It's **not an option** for my spouse* to be my caregiver.
- B. I prefer **not to burden** my spouse* even though he/she could help with my caregiving.
- C. My spouse* **could provide some** of my care, but only on a limited basis.
- D. My spouse* **will** take care of me.
- E. **Not applicable.** I do not have a spouse.*

A=12 B=8 C=4 D=0 E=12 pts.

2. Which of the following statements best describes your comfort level in having your children play a significant caregiving role should you need Long-Term Care assistance?

- A. Having my children assist with my care is **not an option**.
- B. I prefer **not to burden** my children, even though they could help.
- C. I am O.K. with my children **providing some** of my care, but only on a limited basis.
- D. My children **will** take care of me.
- E. **Not applicable.** I do not have children.

A=12 B=8 C=4 D=0 E=12 pts.

3. When you think about aging and the potential need for Long-Term Care assistance, which of the following statements best describes your feelings about maintaining your independence and dignity?

- A. I'm **very concerned** about preserving my independence and dignity as long as possible.
- B. I'm **concerned** about preserving my independence and dignity.
- C. I'm **somewhat concerned** about preserving my independence and dignity, but it's not critical.
- D. I'm **not concerned** with my independence and dignity.

A=12 B=8 C=4 D=0 pts.

* Spouse includes Domestic Partner or Civil Union Partner, where permitted by state law.

page sub-total

4. In the event you need Long-Term Care assistance, your feelings about your ability to control where and how care would be provided is best described by which of the following statements?

- A. It's *very important* that only myself or my family determine where and how I receive care.
- B. It's *important* to have significant input on where and how I receive care.
- C. It's *somewhat important* to control where and how I receive care.
- D. It's *not important* to control where and how my care is received.

A=12 B=8 C=4 D=0 pts.

5. When you think about your legacy and how you want to be remembered by your family, which statement best describes your thoughts?

- A. It's *very important* that my legacy is preserved and everything I have worked for benefits my family.
- B. My legacy and what I leave for my family is *important* to me.
- C. Leaving a legacy is *somewhat important* to me.
- D. It's *not important* to me that I leave a legacy.

A=12 B=8 C=4 D=0 pts.

6. When you consider the potential for needing some form of Long-Term Care assistance during your life, which statement best describes how you feel?

- A. I'm *very concerned* that I could ultimately need Long-Term Care and want to make sure that both my family and I are prepared.
- B. I'm *concerned* about the impact Long-Term Care would have on my family.
- C. I'm *somewhat concerned* and I should at least know my options.
- D. I'm *not concerned* at all with these issues.

A=12 B=8 C=4 D=0 pts.

STEP 2 TOTAL POINT VALUE (TOTAL QUESTIONS 1-6) pts.

POINT VALUE ASSESSMENT FOR STEP 2

Your client's answers from Step 2 have an accumulated point value that will reveal his/her personal level of concern about Long-Term Care.

INSTRUCTIONS: Total the points from Step 2, questions 1-6 and record in the "Step 2 Total Point Value" box. The scale below will reflect the degree of concern your client has with regard to Long-Term Care.

STEP 2 TOTAL POINT VALUE

0 = Minimum Concern

Maximum Concern = 72

WHAT THE STEP 2 TOTAL POINT VALUE TELLS YOU:

The higher the total point value, the greater the degree of personal concern your client has about Long-Term Care. You should validate your client's concern level before proceeding to Step 3. If your client does not confirm his or her personal concern about Long-Term Care, don't proceed to Step 3 without having additional dialogue.



Step 3

ASSESSING YOUR CLIENT'S FINANCIAL RESOURCES AND LONG-TERM CARE IMPACT

Now that your client has acknowledged some degree of personal concern for Long-Term Care, the next step is to understand how your client's current financial situation would stand up to the potential costs of Long-Term Care services. Additionally, you will need to understand how your client feels about depleting current assets and future income to pay for these costs. The questions in Step 3 will help you determine if your client could financially deal with the costs of Long-Term Care without risking needed income and/or assets as well as other financial goals.

As you begin Step 3, you should have the average costs of care for the client's area readily available. Please refer to the current "MetLife Market Survey of Nursing Home and Home Care Costs" for these figures.

fact

Assuming the average nursing home/facility stay is 2.4 years, the total cost of care in the year 2030, would exceed \$522,000.

The Henry J. Kaiser Family Foundation. "Health Care & The 2004 Elections." October 2004.

Based on the national average cost of \$64,240 in 2005 x 2.4 years with 5% inflation annually. MetLife Mature Market Institute. "The MetLife Market Survey of Nursing Home and Home Care Costs" September 2005.

1. Nursing home and home care costs range in price throughout the country. Using the MetLife Market Survey of Nursing Home and Home Care Costs, which range (per day) do you fall into for daily care?
 - A. \$100 to \$150 per day (\$36,500 to \$54,000 annually)
 - B. \$150 to \$250 per day (\$54,750 to \$91,250 annually)
 - C. \$250 to \$350 per day (\$91,250 to \$127,750 annually)
 - D. More than \$350 per day (over \$127,750 annually)

A=0 B=4 C=8 D=12 pts.

2. What do you project your annual retirement income to be (consider income from all sources including pension, social security, and all other investments)?
 - A. Less than \$50,000
 - B. \$50,000 to \$100,000
 - C. \$101,000 to \$150,000
 - D. More than \$150,000

A=12 B=8 C=4 D=0 pts.

3. What is your current estimated total net worth, including your home?
 - A. Less than \$15,000
 - B. \$151,000 to \$500,000
 - C. \$501,000 to \$1,000,000
 - D. More than \$1,000,000

A=12 B=8 C=4 D=0 pts.

page sub-total

RECORD YOUR ANSWERS TO THE FOLLOWING QUESTIONS BELOW:

Average Cost of Care in Your Area (Currently): \$ _____
Projected Annual Retirement Income: \$ _____
Total Net Worth (Currently): \$ _____

understanding the potential impact

4. Current or future retirement income could be a possible way to pay for Long-Term Care expenses. Which of the following best describes how you feel?
- A. I'm *very comfortable* paying for all future Long-Term Care expenses by depleting assets or using retirement income. Paying for my living expenses and potential Long-Term Care services in this manner makes the most sense to me.
 - B. I'm *comfortable* paying for all future Long-Term Care expenses but it would be challenging. I would have to make some adjustments to my living expenses.
 - C. I'm *somewhat comfortable* paying for some future Long-Term Care expenses, but this not desirable. I would have to make some adjustments to my living expenses.
 - D. I'm *not comfortable* paying for future Long-Term Care expenses. I won't have adequate future earnings to cover such costs.

A=0 B=4 C=8 D=12 pts.

fact

Just 12 percent of Baby Boomers have savings that will cover Long-Term Care, a decline from 31 percent (in 2001) who felt they could pay for this care out of their savings.

MetLife Mature Market Institute. "The MetLife Survey of American Attitudes Towards Retirement: What's Changed?" October 2005.

5. Liquidating some or all of your assets could be another option for paying for Long-Term Care. Considering your financial portfolio and that the average Long-Term Care duration is 2.4 years, which statement below best describes your feelings to pay for Long-Term Care services?
- A. I *won't liquidate* my assets to pay for Long-Term Care expenses under any circumstances.
 - B. I *might liquidate* or restructure some of my assets to pay for Long-Term Care expenses *as long as* it did not impact the financial plans in place for my family.
 - C. I *would liquidate* most of my assets to pay for Long-Term Care expenses even if there *was some negative* financial impact to my family.
 - D. I *would liquidate* any or all of my assets to cover my Long-Term Care expenses.

A=12 B=8 C=4 D=0 pts.

6. Counting on Government programs like Medicaid* to pay for Long-Term Care needs might be something you've considered. Which statement best describes how you feel about relying on Government programs to cover your Long-Term Care needs?
- A. I *never* want to depend on any government programs for Long-Term Care.
 - B. I'm *very comfortable* considering this route if I needed Long-Term Care, even though I understand that to qualify for these programs, I will first need to deplete my assets and use up most available income by first self-paying for long-term care expenses.

* Medicaid is Medi-Cal in California.

A=12 B=0 pts.

page sub-total

7. Long-Term Care is a family issue for most people. In terms of paying for Long-Term Care services, what financial responsibility are you comfortable with other family members, like your children, assuming?

- A. I **will depend** on my family to take care of me. They will make adjustments to support me financially if I need Long-Term Care services.
- B. I **would not want** to financially burden my family. Even though they may want to help me with Long-Term Care financial expenses, I do not want to alter their lifestyle.
- C. My family **would not be able to pay** for my care. My family would not be able to make adjustments and/or support me financially if I need Long-Term Care services.
- D. My family **cannot**, under any circumstances, carry the burden of financially supporting me for any Long-Term Care services.

A=0 B=4 C=8 D=12 pts.

STEP 3 TOTAL POINT VALUE (TOTAL QUESTIONS 1-7) pts.

POINT VALUE ASSESSMENT FOR STEP 3

Your client's answers from Step 3 have an accumulated point value that will disclose his/her comfort level about risking financial resources for Long-Term Care expenses.

INSTRUCTIONS: Total the points from Step 3, questions 1-7 and record in the "Step 3 Total Point Value" box. The scale below will reflect the tolerance range or the degree of concern your client has with regard to paying for Long-Term Care expenses.

STEP 3 TOTAL POINT VALUE



0 = Minimum Concern

Maximum Concern = 84

WHAT THE STEP 3 TOTAL POINT VALUE TELLS YOU:

The higher the total point value, the greater degree of concern your client has about personally funding the cost of Long-Term Care services with future income and/or assets. You should validate your client's concern level before proceeding to Step 4. If your client does not confirm his or her personal concern about using future income and/or assets to pay the costs of future Long-Term Care services, don't proceed to Step 4 without having additional dialogue.

CALCULATE
financial risk

Step 4

DESIGNING AN APPROPRIATE PLAN FOR YOUR CLIENT

Your client has shown personal and financial concerns about Long-Term Care throughout this workbook. It's now time to discuss an appropriate LTC Insurance plan that addresses your client's needs. LTC Insurance coverage is one of the best ways your client can protect income and assets from Long-Term Care expenses should they need care.

The questions in Step 4 will help you design an LTC Insurance plan customized to your client's personal goals, objectives and preferences. The five key components of a plan design will be determined: Policy Plan, Daily Benefit Amount, Inflation Protection, Elimination Period and Benefit Duration Period. Simply total the points in each section to assemble the plan design that best meets your client's needs.

fact

Because of the costs associated with care over time, many families have already experienced the financial and emotional pain. Caregiving responsibilities are present in one in every four American households.

Mature Market Institute and Pfizer Inc, "Toward a National Caregiving Agenda: Empowering Family Caregivers in America," July 2001.

1. Which statement best describes what you would look for in Long-Term Care planning?
 - A. A policy that **only covers care in a facility**, such as assisted living or a nursing home. I realize such a policy would provide no home care benefits.
 - OR**, complete home care coverage as well as nursing home or assisted living facility benefits, and: (select one)
 - B. I want the **least expensive**, basic solution. Extra features and benefits do not make sense to me.
 - C. I'm **cost conscious**, but it's also important to cover my needs and eliminate risk to my family.
 - D. I'm cost conscious but would prefer a policy that paid the maximum Daily Benefit Amount I selected, **each day I receive care, regardless of the cost**, appealing. As long as I was able to decide where I received care, I wouldn't mind submitting bills.
 - E. I want a **cash policy** where I remain in control of my finances and do NOT have to submit bills. It should cover the maximum Daily Benefit Amount I selected every day I am on claim, regardless of whether or not I receive care. I am aware these plans are typically more expensive.

A=FAC B=VAL C=IDEAL D=VAL w/ Indem. E=PREM

Policy

2. To summarize, the average daily cost of care in your area is: \$

Based on your financial situation and preferences, how much of this daily cost would you want to pay for yourself?

- A. I'm **not comfortable** using my income and assets to pay for any of these care expenses.
- B. I'm comfortable using my income and assets to pay for **25%** of these expenses.
- C. I'm comfortable using my income and assets to pay for **50%** of these expenses.
- D. I'm comfortable using my income and assets to pay for **75%** of these expenses.

A=100% B=75% C=50% D=25%

%

The resulting amount your client wants to insure for is \$ DBA

designing an appropriate LTCL plan

3. I. Your age today plays an important role in evaluating the inflation risk associated with Long-Term Care services. Your current age is?

- A. less than 55
- B. 55 – 65
- C. 66 – 75
- D. greater than 75

A=12 B=12 C=8 D=4 pts.

II. How important is it for your plan to keep pace with the rising cost of Long-Term Care services?

- A. It's *very important* that I consider the impact of inflation when planning for Long-Term Care.
- B. It's *somewhat important* that I consider inflation when planning for long-term care.
- C. It's *not important*. I'm not concerned with inflation when planning for Long-Term Care.

A=12 B=8 C=4 pts.

III. In planning for Long-Term Care, it's important to consider longevity based on family history. For instance, did your parents and grandparents live long lives? Which statement would be most accurate?

- A. My family history indicates a *high probability* of living past the age of 85.
- B. My family history indicates a *low probability* of living past the age of 85.
- C. My family history gives *no indication* of a life span pattern.

A=12 B=4 C=8 pts.

Question 3 sub-total

0-12 pts = NO INFLATION PROTECTION
13-24 pts = 5% SIMPLE INFLATION PROTECTION
25-36 pts = 5% COMPOUND INFLATION PROTECTION Inflation

4. I. During retirement years, we tend to live on fixed incomes. Which of the following statements best describes your comfort level if you were to incur unforeseen expenses on a fixed income?

- A. I'm *not comfortable* incurring any new expenses on a fixed income.
- B. I'm *somewhat comfortable* incurring some new expenses on a fixed income.
- C. I'm *comfortable* incurring new expenses on a fixed income.

A=0 B=4 C=4 pts.

II. An LTC Insurance plan is designed with a "deductible" or Elimination Period. This requires you to pay for your Long-Term Care expenses for a period of time before benefits would be paid from your policy. How many days of Long-Term Care expenses would you be comfortable paying before benefits begin?

- A. 20 Days
- B. 45 Days
- C. 100 Days

A=0 B=4 C=8 pts.

Question 4 sub-total

0-5 pts = 20-DAY EP
6-10 pts = 45-DAY EP
11-16 pts = 100-DAY EP EP

5. I. Everyone has different feelings about their legacy and the ultimate disposition of their assets. Which statement below best describes your feelings?

- A. I am *not concerned* with preserving assets for my family.
- B. I am *concerned* and would like to leave some assets to my family.
- C. I am *very concerned* that my assets are preserved for my family.

A=4 B=8 C=12 pts.

II. The period of time for which you could need Long-Term Care services would depend upon the nature of your impairment or illness. Based on family history, and personal concerns how long would you like your benefits to last?

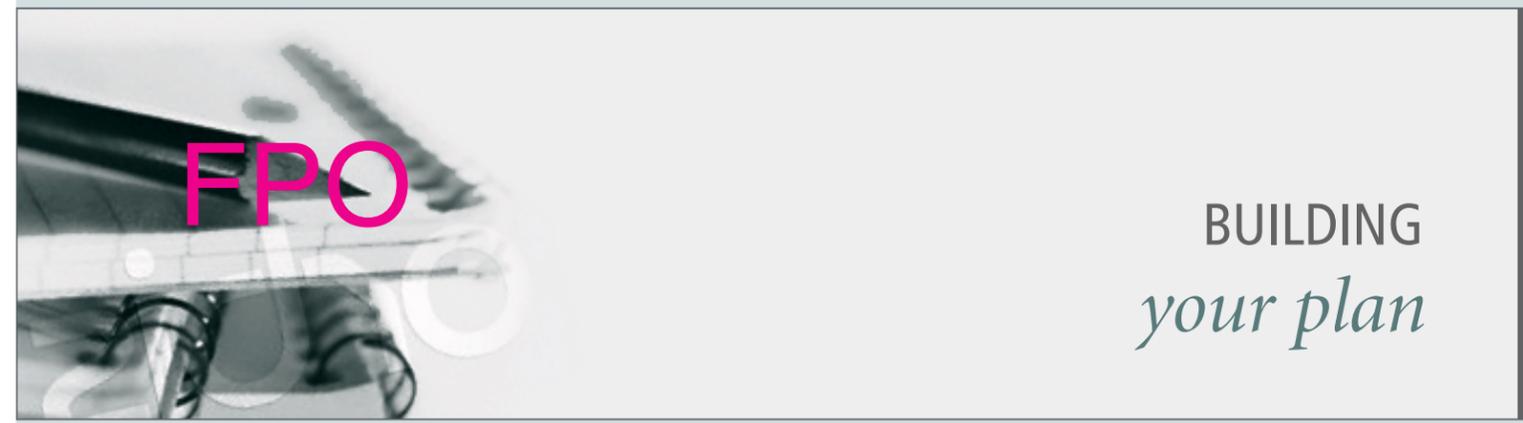
- A. Up to 4 years
- B. 5 to 7 years
- C. Unlimited

A=4 B=8 C=12 pts.

Question 5 sub-total

8-12 pts = 3 to 4-YEAR BENEFIT PERIOD
13-23 pts = 5 to 7-YEAR BENEFIT PERIOD
24 pts = UNLIMITED

Duration



Now that we've discussed and identified key components necessary to building a plan, let's use the answers to look at which options may be best for your client.

Your client's answers from *Step 4* have an accumulated point value tied to benefit selections based on his/her preferences. Refer back to these answers as you recorded them and complete this page to "build the preferred base policy for this client.

POLICY PLAN SELECTION

This is the "base" that is essentially the foundation of your client's LTC Insurance policy. Primarily, it is how your client prefers their policy to work – whether it is a monthly or daily reimbursement monthly or a cash plan. It also indicates where your client prefers to receive care services.

The suggested base policy Plan from Step 4, Question 1 is:

DAILY BENEFIT AMOUNT ("DBA") SELECTION

The Daily Benefit Amount or "DBA," is the "maximum amount of money" your client will receive for covered Long-Term Care services.

The Daily Benefit Amount your client wants to insure from Step 4, Question 2 is:

INFLATION PROTECTION SELECTION

Inflation Protection, if elected by your client, will enable your client's policy benefits to grow over time to help keep pace with the increasing cost of care. The amount of Inflation Protection your client feels he/she needs is an individual preference based on current age as well as needs and objectives. Your client's answers tell you whether or not he/she wants inflation protection and if so, suggests the amount.

The selected Inflation Protection Option as identified in Step 4, Question 3 is:

ELIMINATION PERIOD SELECTION

The "Elimination Period" is a deductible. Once your client is benefit eligible, it's the number of days he/she would have to wait before policy benefits would begin. During this time, your client would be responsible for paying for his/her care until the elimination period was satisfied. The number of days selected for the elimination period is an individual choice based on what number of days your client feels he/she would be able to cover the cost of Long-Term Care.

The Elimination Period selected from Step 4, Question 4 is:

BENEFIT DURATION PERIOD SELECTION

The Benefit Duration Period is the minimum amount of time your client can receive policy benefits once eligible.

The Benefit Duration Period selected from Step 4, Question 5 is:

Summary

Now that you have captured the five key components that best reflect your client's preferences, you'll want to run this Long-Term Care plan design Illustration on MetWINS. The illustration will show the cost specifics of the plan you have designed with your client. You may need to modify this plan design based on your client's premium tolerance. Additionally, you may want to review the riders available in your client's state. Rider information can be found on MetWINS and in the VIP2 Rider Brochure.

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