Your ability to earn an income is your most valuable asset.

Few people realize that a 30-year-old couple will earn 3.5 million dollars by age 65 if their total family income averages $100,000 for their entire careers, without any raises.

You’ve worked hard and translated your earning power into financial security for yourself and your loved ones.

Without proper planning, however, a serious accident or illness, or just declining health, could rob you of your financial independence.

### Your Future Earning Power
If Your Family Income Averages:

<table>
<thead>
<tr>
<th>Years to Age 65:</th>
<th>$ 50,000</th>
<th>$ 100,000</th>
<th>$ 250,000</th>
<th>$ 500,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>40</td>
<td>$ 2,000,000</td>
<td>$ 4,000,000</td>
<td>$ 10,000,000</td>
<td>$ 20,000,000</td>
</tr>
<tr>
<td>30</td>
<td>$ 1,500,000</td>
<td>$ 3,000,000</td>
<td>$ 7,500,000</td>
<td>$ 15,000,000</td>
</tr>
<tr>
<td>20</td>
<td>$ 1,000,000</td>
<td>$ 2,000,000</td>
<td>$ 5,000,000</td>
<td>$ 10,000,000</td>
</tr>
<tr>
<td>10</td>
<td>$ 500,000</td>
<td>$ 1,000,000</td>
<td>$ 2,500,000</td>
<td>$ 5,000,000</td>
</tr>
<tr>
<td>5</td>
<td>$ 250,000</td>
<td>$ 500,000</td>
<td>$ 1,250,000</td>
<td>$ 2,500,000</td>
</tr>
</tbody>
</table>
Did You Know

- About **one-third of individuals turning 65** in 2010 will need at least three months of nursing home care, 24% more than a year, and 9% more than five years.  

- About **71%** of nursing home residents are women.  
  Source: CDC Vital and Health Statistics, Series 13, No. 167, June 2009

- The average daily rate in 2012 for a private room in a nursing home was **$248**, an increase of 3.8% from 2011.  
  Source: 2012 MetLife Market Survey of Nursing Home, Assisted Living, Adult Day Services, and Home Care Costs

- The average length of a nursing home stay is **835 days**.  
  Source: CDC Vital and Health Statistics, Series 13, No. 167, June 2009

- At an average daily rate of **$248**, an **average nursing home stay of 835 days currently costs over $207,000**, making it virtually unaffordable for many Americans.

1 Source: What Is the Distribution of Lifetime Health Care Costs from Age 65?, Center for Retirement Research at Boston College, March 2010
2, 4 Source: CDC Vital and Health Statistics, Series 13, No. 167, June 2009
3 Source: 2012 MetLife Market Survey of Nursing Home, Assisted Living, Adult Day Services, and Home Care Costs
Few people are prepared to handle the financial burden of long-term health care. In fact, many people have a false sense of security when it comes to long-term care.
Separating FICTION from FACT

FICTION

“Medicare and my Medicare supplement policy will cover it.”

FACT

In fact, Medicare and “Medigap” insurance were never intended to pay for ongoing, long-term care.

Only about 12% of nursing home costs are paid by Medicare, for short-term skilled nursing home care following hospitalization. ¹

Medicare and most health insurance plans, including Medicare supplement policies, do not pay for long-term custodial care. ²

¹ Source: National Care Planning Council, 2010
² Source: Medicare & You 2013, Centers for Medicare & Medicaid Services
Separating FICTION from FACT

FICTION

“It won’t happen to me.”

FACT

About one-third of individuals turning 65 in 2010 will need at least three months of nursing home care, 24% more than a year, and 9% more than five years.¹

Women have a longer life expectancy than men...about 71% of nursing home residents are women.²

¹ Source: What Is the Distribution of Lifetime Health Care Costs from Age 65?, Center for Retirement Research at Boston College, March 2010
² Source: CDC Vital and Health Statistics, Series 13, No. 167, June 2009
As a national average, a year in a nursing home is currently estimated to cost $90,520. In some areas, it can easily cost well over $100,000! ¹

The average length of a nursing home stay is 835 days. ²

The average cost of an assisted living facility in the U.S. was $42,600 per year in 2012. The average monthly rate for assisted living facilities that provide Alzheimer’s and dementia care is $4,807, or $57,684 annually ³

Home health care is less expensive, but it still adds up. In 2012, the national average hourly rate for home health aides was $21. Bringing an aide into your home for 20 hours a week can easily cost over $1,800 each month, or more than $21,000 a year. ⁴

¹,³,⁴ Source: 2012 MetLife Market Survey of Nursing Home, Assisted Living, Adult Day Services, and Home Care Costs
² Source: CDC Vital and Health Statistics, Series 13, No. 167, June 2009
"If I can’t afford it, I’ll go on Medicaid.”

There is, however, a potential remedy for this dilemma...

Medicaid, or welfare assistance, has many “strings” attached and is only available to people who meet federal poverty guidelines.

Medicaid is essentially a safety net for those who didn't adequately plan for their financial needs in retirement, or who encountered unexpectedly large expenses that depleted their financial resources.

Whether purchased for yourself, your spouse or for an aging parent, long-term care insurance will help protect the assets you have accumulated over a lifetime from the ravages of long-term care costs.
A Potential Solution Using Long-Term Care Insurance

Long-term care insurance purchased today can help provide you with the financial security you need and deserve in your retirement years.

By acting today, while you are still healthy and active, you will have protection to handle whatever a long life brings!

Without long-term care insurance to help meet the cost of needed long-term care services, you run the risk of depleting a lifetime of savings. With long-term care insurance, you’re in a better financial position to make the choice of what long-term care services you receive and where you receive them.

PLUS, qualified long-term care insurance receives favorable income tax treatment.
Eligible premiums paid for qualified long-term care insurance can be applied toward meeting the 7.5% “floor” for medical expense deductions on your federal income tax return. The amount of eligible long-term care premium that can be applied to the 7.5% floor depends on your age and is adjusted each year for inflation ...

<table>
<thead>
<tr>
<th>If you are this age by the end of the year:</th>
<th>This is the maximum eligible long-term care premium for tax deduction purposes in 2013*:</th>
</tr>
</thead>
<tbody>
<tr>
<td>40 or less</td>
<td>$ 360</td>
</tr>
<tr>
<td>41 - 50</td>
<td>$ 680</td>
</tr>
<tr>
<td>51 - 60</td>
<td>$ 1,360</td>
</tr>
<tr>
<td>61 - 70</td>
<td>$ 3,640</td>
</tr>
<tr>
<td>More than 70</td>
<td>$ 4,550</td>
</tr>
</tbody>
</table>

* The maximum eligible long-term care premium is adjusted each year for inflation.
Employer-Provided Long-Term Care Insurance

If your employer provides you with long-term care insurance under an accident and health plan for employees:

Your employer can deduct the full premium it pays for long-term care coverage for its employees.

Premiums paid by the employer are not taxable income to the employees.

If you are a sole proprietor, partner or S-corporation shareholder-employee:

Long-term care insurance premiums paid on your behalf by your business are taxable income to you.

However, to the extent the premiums do not exceed the maximum eligible long-term care premium for tax deduction purposes shown earlier, qualified long-term care insurance premiums are eligible for the self-employed health insurance deduction.
The benefits from qualified long-term care insurance, for the most part, are not taxable income to the recipient, up to a per diem limit.

The per diem limit, which is adjusted annually for inflation, is $320 for 2013.

In purchasing long-term care insurance, it is important to select coverage that matches your needs and preferences. As you evaluate various policy features and benefits, however, keep in mind that the choices you make can affect the premiums you pay and the benefits you are entitled to receive.
In purchasing long-term care insurance, it is important to select coverage that matches your needs and preferences. As you evaluate various policy features and benefits, however, keep in mind that the choices you make can affect the premiums you pay and the benefits you are entitled to receive.

<table>
<thead>
<tr>
<th>Covered Services</th>
<th>The benefits from qualified long-term care insurance, for the most part, are not taxable income to the recipient, up to a per diem limit.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit Amount</td>
<td>What is the daily benefit amount? Is it payable only while you are confined to a nursing home, or is a benefit also payable for home health care and other care alternatives? Does the policy have a maximum lifetime benefit?</td>
</tr>
<tr>
<td>Benefit Period</td>
<td>For how long are benefits payable? In a nursing home? At home? For an assisted living facility?</td>
</tr>
<tr>
<td>Elimination Period</td>
<td>When do benefits begin? For nursing home care? Home health care? An assisted living facility?</td>
</tr>
<tr>
<td>Maximum Lifetime Benefit</td>
<td>Does the policy have a maximum lifetime benefit? If so, what is it?</td>
</tr>
</tbody>
</table>

*continued on next slide*
## A Long-Term Care Insurance Checklist

<table>
<thead>
<tr>
<th>Pre-Existing Conditions</th>
<th>Are pre-existing conditions covered the same as any other conditions? If not, how long must you wait before they are covered?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excluded Conditions</td>
<td>Are any conditions, such as Alzheimer’s Disease, senility or dementia, excluded from coverage?</td>
</tr>
<tr>
<td>Inflation</td>
<td>Are benefit amounts adjusted to reflect increasing long-term care costs? How?</td>
</tr>
<tr>
<td>Prior Hospital Stay</td>
<td>Is a prior hospital stay required in order to receive benefits? Are medical certifications required in order to receive benefits?</td>
</tr>
<tr>
<td>Spousal Discount</td>
<td>Does the insurance company offer a discount when both spouses purchase long-term care insurance policies?</td>
</tr>
<tr>
<td>Premiums Waived</td>
<td>Are premiums waived after you begin receiving benefits? When?</td>
</tr>
<tr>
<td>Guaranteed Renewable</td>
<td>Can you renew the coverage for life, so long as you pay the premiums when due?</td>
</tr>
<tr>
<td>Premium Increases</td>
<td>Can your premiums be increased? Under What conditions?</td>
</tr>
</tbody>
</table>
You Can Manage Your Finances

“\textit{It’s by managing your finances that you write the story of your life. You are both the author and the story’s principal character.}\n
\textit{Resolve to perform what you ought.}”

\textit{-- Benjamin Franklin}