

# The State of the Group LTC Insurance Union

February 14, 2018

**J.MANNING**  
& ASSOCIATES

POWERED BY  **LTCI**  
PARTNERS, LLC

## Discussion Highlights

- **Financial Wellness & Group LTC Insurance**
- **Industry update**
- **New products in the marketplace**
- **Tax reform, legislation and LTC Insurance**
- **Case studies**
- **Q&A (you can submit questions online)**

# Webinar Host

## Steven M. Cain, CLTC

Director, Sales & Business Development Leader, LTCI Partners



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Steve Cain is a Principal and National Sales Leader for LTCI Partners, one of the nation's largest Long-Term Care Insurance (LTCI) wholesalers. In that capacity, Steve is responsible for increasing the firm's sales revenue – from the development of existing client relationships to acquisition of new institutional accounts.

Steve brings more than 15 years of experience in the insurance brokerage market, most recently as Senior Vice President and National Sales Leader for Long-Term Care at Marsh Private Client Services, a division of Marsh USA, Inc. Steve helped build Marsh into a leading wholesale and retail distributor of LTC Insurance, working with banks, independent broker-dealers, wirehouses and employee / executive benefit brokers.

Prior to joining Marsh, Steve worked at LifeCare Assurance Company, a third party administrator (TPA) that specializes within the LTC Insurance industry. While at LifeCare, Steve was on a team that introduced several LTC Insurance products (Allianz Life, Fortis, Lincoln Benefit Life, MassMutual, etc.) products into the brokerage distribution channel. With experience that ranges from the home office to retail sales, to the

brokerage market, Steve has gained valuable insight on all aspects of the industry, from sales and marketing, underwriting, policy administration, and claims.

Steve is passionate about enhancing awareness of the LTC Insurance industry, having authored numerous articles in such publications as Financial Planning Magazine and National Underwriter. Steve is a certified continuing education instructor for insurance and accounting professionals and he regularly addresses industry groups such as state bar associations, the American Association for Long-Term Care Insurance (AALTCI), the Association for Advanced Life Underwriting (AALU), the Society of Actuaries (SOA), the National Association of Health Underwriters (NAHU), the Million Dollar Round Table (MDRT), and the National Association of Insurance and Financial Advisors (NAIFA).

Steve is a graduate of the University of California at Santa Barbara. After graduation, he had a brief career in professional baseball, pitching in the farm systems of three professional teams. Steve is married with two young daughters and resides in Los Angeles, CA.



## Guest Speaker

# Jerry A. Manning, CLTC

Principal, Group Sales Leader, J. Manning & Associates



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J. Manning & Associates is a national independent insurance brokerage and consulting firm specializing in Long-Term Care Insurance. We work with employee benefit brokers and consultants, financial professionals, employers and individuals to create customized, unbiased Long-Term Care planning solutions.

In 2011, the American Association of Long-Term Care Insurance named J. Manning & Associates the largest Group Long-Term Care broker in the nation based on 2010 premium production.

Jerry A. Manning is the founder and President of J. Manning & Associates and one of the largest producers of Long-Term Care Insurance in the Industry. Jerry has spent over a decade helping clients design and implement customized insurance programs in the employee and executive benefits markets.

As a nationally recognized leader in the LTC industry, Jerry is highly sought after as an author and expert speaker for organizations such as the Society of Actuaries, the Minnesota State Bar Association,

Financial Executives International (FEI), The Indiana Health Care Association, The National Business Institute, Life Insurance Selling Magazine and he served on the advisory board of the Alzheimer's Association Corporate Roundtable.

Prior to founding J. Manning & Associates, Jerry served as Vice President of Long-Term Care for Marsh Executive Benefits, a division of the world's largest insurance broker. Before joining Marsh, Jerry was a wholesaler for a national employee benefits carrier writing group disability, dental and life insurance.

Jerry holds the professional designation of Certified in Long-Term Care (CLTC) and he is a certified continuing education instructor for legal, accounting, and insurance professionals. He graduated from Western Illinois University with a bachelor's degree in communications.

## About Us: At-a-Glance

J. Manning & Associates and LTCI Partners work together to bring best in class service and support for our clients.

### WHAT SETS US APART

As an industry leader we offer customized solutions for employee benefits brokers, financial services professionals and employers. Our expertise is matched only by our personal commitment to each client.



- Singular focus on LTC Insurance planning solutions
- National roster of strategic partners from the Top 25 Employee Benefits firms in the marketplace\*
- Turnkey sales, education and enrollment solutions
- State-of-the-art technology in email communications platform and online enrollment engine
- Leadership background from national brokerage firms and insurance companies

**300+**

employer-sponsored  
LTC programs implemented

**\$135 Million**

in-force premium  
with multiple insurance carriers

**25 Years**

experience in the LTC  
insurance marketplace

## LTC By the Numbers

Health and disability insurance do not cover LTC costs. Medicare is not the answer either. For most, it's an out-of-pocket expense.



**Bottom Line: LTC Insurance helps protect retirement savings.**

Sources: 1. U.S. Department of Health and Human Services. [longtermcare.gov](http://longtermcare.gov). 2. Genworth. "Genworth 2015 Cost of Care Survey." 3. Social Security Administration. Master Beneficiary Record, 100 Percent Data. November 2014. 4. CNNMoney. Melanie Hicken. "401(k) Balances Hit Record ..." Feb. 13, 2014

## Benefits of Group LTC Policies

Offering LTC in the workplace provides numerous benefits to employees. Here are a few:

- Timely and valuable education on the need for LTC planning
- Addresses a significant “gap” in the employee’s financial plan and helps protect their 401(k)
- Simplified underwriting
- Unisex rates and group discounts
- Ability to carve out select classes of employees<sup>1</sup>
- Benefits are generally received income tax-free<sup>2</sup>
- W2 employees can pay for LTC Insurance through an HSA<sup>3</sup>

# Marketplace Update: Carriers in the Market

## Standalone Long-Term Care Carriers



## Life with LTC Benefits Carriers





# LTC Product Comparison

## Standalone Long-Term Care

- **Monthly Benefit** – Total benefit available to pay for care each month, in today's dollars. Typically ranges from \$3k-\$7,500 per month and is chosen by each participant.
- **Total Benefit Pool** – Maximum the policy will pay towards the cost of care in today's dollars. Typically ranges from \$100k-\$400k.
- **Inflation Protection** – Increases your pool, and monthly benefit to keep pace with the cost of care. Employees can add a 3% automatic inflation rider, or will have the option to purchase additional coverage in the future.

## Life with LTC Benefits

- **Death Benefit** – Employee chooses a total death benefit. Typically between \$10k-\$150k
- **LTC Benefit** – Typically 4% of the death benefit is accessible for Long-Term Care each month. LTC benefits range from \$400-\$6k per month.
- **Extension of Benefits** - Most plans offer two or three times the death benefit for LTC benefits. (i.e. \$100,000 death benefit = \$4k monthly LTC benefit and \$200,000-\$300,000 in total benefits for LTC).

# Advantages and Challenges: Standalone Long-Term Care

## Advantages of Standalone LTC

- **Largest LTC Benefit Available.** Standalone LTC insurance provides the largest possible benefit to pay for Long-Term Care (up to \$1million in today's dollars).
- **Includes Inflation Protection Options.** Inflation protection options are designed to keep pace with the cost of care over time.
- **Protects Retirement Savings.** A Standalone LTC policy can be designed to cover the full cost of care a person might need, now or in the future. This product will prevent the insured from invading their retirement savings to pay for healthcare.

## Challenges of Standalone LTC

- **Use it or Lose it.** If a person never needs LTC, there is no return of the premium.
- **Limited Carrier Options.** Due to historically low interest rates and widespread pricing errors on early LTC policies, many carriers have exited the market.
- **Standalone LTC is Expensive.** The average premium of Standalone LTC is \$1,200 per person per year in the employee benefits market.
- **Requires Underwriting.** About 95% of submitted policies are accepted with Simplified Underwriting. No Guarantee Issue options are available in the standalone LTC market.

**Bottom Line: Standalone Long-Term Care is the best option for protecting retirement assets**

# Advantages and Challenges: Life with Long-Term Care Benefits

## Advantages of Life with LTC Benefits

- **Will Pay a Benefit.** Either in the form of LTC benefits or a death benefit, this product will provide a benefit to each insured who maintains the coverage.
- **Provides Life Insurance and LTC.** Allows insured to cover two risks with one policy.
- **Robust Market of Highly Rated Carriers.**
- **Guarantee Issue.** 100% of eligible employees will be accepted up to the GI limit regardless of health. Employees may have the option buy purchase coverage above the GI limit with underwriting.
- **Broader plan design flexibility.** Life with LTC allows for a broader range of benefits and premiums fit many budgets and needs.

## Challenges of Life with LTC Benefits

- **No Inflation Protection Options.** The total and monthly benefit of Life with LTC remain level for the life of the policy
- **Subject to Smoker Rates.** Smokers are subject to higher rates than non-smokers.
- **More Expensive per Dollar of LTC Benefit.** Due to the addition of Life Insurance, the cost is higher per dollar of LTC benefit.

**Bottom Line: Life with LTC is the most flexible option and will provide a benefit to all.**

# Communication Strategy – How we “Nudge”

How to communicate infrequent and complex financial decisions to employees.

“  
**Employees are most likely to need ‘nudges’ for decisions that are difficult, complex, or infrequent**

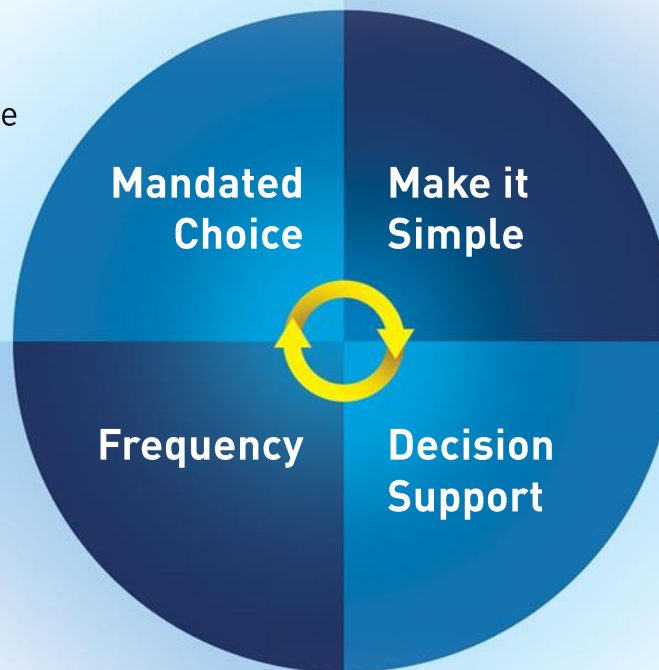
- **Make it simple:** Thaler discovered a long time ago that the way in which we’re forced to make financial decisions is way too complicated. Why not boil down decisions? Thaler’s work has focused on improving “choice architecture.”
- **Frequency:** “A reminder can have a significant impact. For reminders, timing greatly matters; making sure that people can act immediately on the information is critical.”
- **Mandated choice:** “A mandated choice system requires minimal time and energy for the individuals who are registering their choices. This task can be easily completed in conjunction with other tasks<sup>1</sup>.”
- **Decision support:** “As we have seen, people are most likely to need nudges for decisions that are difficult, complex, and infrequent.”

# Implementation Best Practices

Our goal is to build 100% awareness of the program offering.

- Dual enrollment strategy
  - Dedicated off-cycle
  - On-cycle mandated choice

- Customized email campaign
- Enrollment extension
- Key date reminder emails



- Bite sized content
- Plan design choice architecture
- Clear call-to-action

- Maya benefit personality
- Live educational sessions
- Dedicated call center support
- Dedicated enrollment website
- On-demand video library
- Live chat



# Case Study: 100% Voluntary Enrollment, Life Insurance with LTC Benefits

## About the Client

**Industry:** Healthcare

**Eligible Employees:** 2,687

**Average Age:** 42

**Average Salary:** \$32,826

### Background:

- Regional transitional care organization based in Illinois
- Staffed within 25 facilities and 1 corporate office

### Solution:

- Implemented a voluntary group Life with LTC Rider plan
- Guarantee issue availability for employees – spouses eligible for conditional guarantee issue
- Affordable Long-Term Care benefits for various financial situations

## Enrollment By the Numbers

**Key Factors:** Dual enrollment strategy - initial offering off-cycle, 2<sup>nd</sup> offering during their core enrollment. Embraced our best practices enrollment and communication campaign.

### Phase 1: Off-Cycle Enrollment

4-Week Enrollment Period

31 Enrollments

25k Total Submitted Premium

\$6,750 1<sup>st</sup> Year Broker Comp

42 Inbound Calls

585 Unique Website Visitors

47 Webinar Attendees

### Phase 2: On-Cycle Enrollment

3-Week Enrollment Period

233 Enrollments

\$158k Total Submitted Premium

\$42,660 1<sup>st</sup> Year Broker Comp

87 Inbound Calls

876 Unique Website Visitors

102 Webinar Attendees

### Enrollment Communication Plan:

Customized Email Campaign (on cycle / off cycle)

Live Webinars & On Demand Educational Videos

Online Enrollment

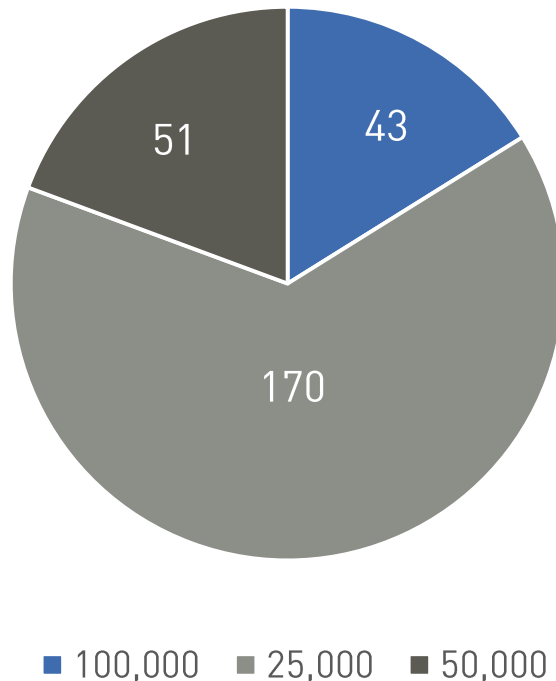
Live Chat

Call Center Support (W2 salaried employees)

**Total 1<sup>st</sup> Year Broker Compensation: \$49,410**

# Case Study: Life with Long-Term Care – What was the most popular?

## Life Insurance Amounts Selected



## About the Product

### Plan Detail:

- Term Life Insurance

### Riders Included:

- Long-Term Care
- Extension of Benefit

### Long-Term Care Benefits:

- Monthly - 4% of Death Benefit
- Total - 3x the total Death Benefit

### Average Cost:

- Monthly: \$57.77
- Annual: \$693.18

### Number of Enrollees:

- 264 Enrolled

**J.MANNING**  
& ASSOCIATES

POWERED BY  **LTCI**  
PARTNERS, LLC

# Are You Ready?

Fill the gap in your employee benefits portfolio  
by implementing a LTC Insurance program.

**Contact us today to get started.**

## Business Development Team

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