



Planning for Long Term Care

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At Sound Credit Union

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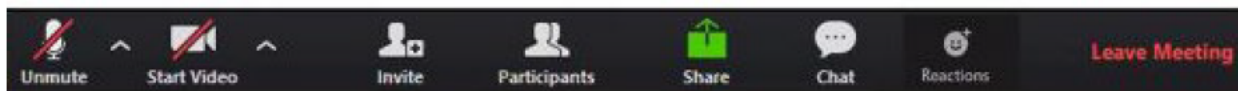
Microphones have been muted and **cameras** are turned off for this webinar.



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When you exit, please take a few moments to answer the short **survey**. This helps us know how we did and learn what other topics you're interested in!



Meet our CFS Financial Advisors



MITCH HAMILTON

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Planning for long-term care expenses — as a family

Rob Johnson

Sales Vice President - MoneyGuard

July 28, 2021

Approved for use in all states except AZ, CA, CT, DC, DE, FL, IN, MT, ND, NJ, NY, SD and VI.

LONG-TERM CARE PLANNING

Not a deposit	Not FDIC-insured	May go down in value
Not insured by any federal government agency		
Not guaranteed by any bank or savings association		

A photograph of a man and a woman sitting on a white ledge, viewed from behind. The man is wearing a grey long-sleeved shirt and blue jeans. The woman is wearing a teal sweater over a white shirt and blue jeans. They are both looking out over a scenic landscape featuring rolling green hills and a small town in the distance under a clear sky. The white ledge they are sitting on is part of a modern building structure.

Agenda

Why long-term care planning should be a part of your retirement plan:

- Four myths about long-term care expenses
- The impact of caregiving
- Benefits of early planning
- How to plan
- Funding options to consider
- Lincoln *MoneyGuard*® Solutions

What is long-term care?

Long-term care provides needed assistance with the activities of daily living.

Eating

Bathing

Dressing

Toileting

Transferring

Continence



What is long-term care?

Long-term care is more than nursing home care.

Adult day care services

Residential care
communities

Specialized care/
Memory care

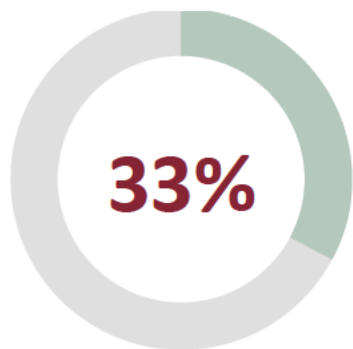
Home care



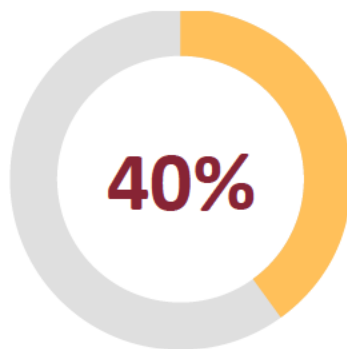
Misconceptions about the risk of long-term care

#1: *It won't happen to me.*

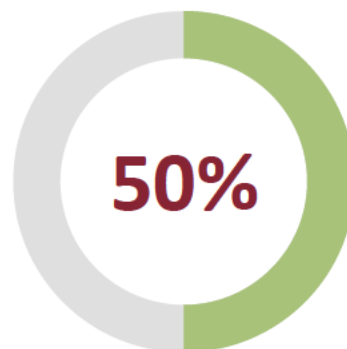
Americans surveyed believe the risk is greater for someone else in the family.



think they will
need care



believe their
spouse will



assume their
parent will

*The reality is
the actual risk
is much higher
for everyone.**

Source: Versta Research, "2017 LTC Marketing and Thought Leadership Research. Findings from Surveys of Advisors and Consumers," https://newsroom.lfg.com/sites/newsroom.lfg.com/files/doc_library/file/2017_Long-Term_Care_Thought_Leadership_Research_Source_Deck.pdf, February 2018.

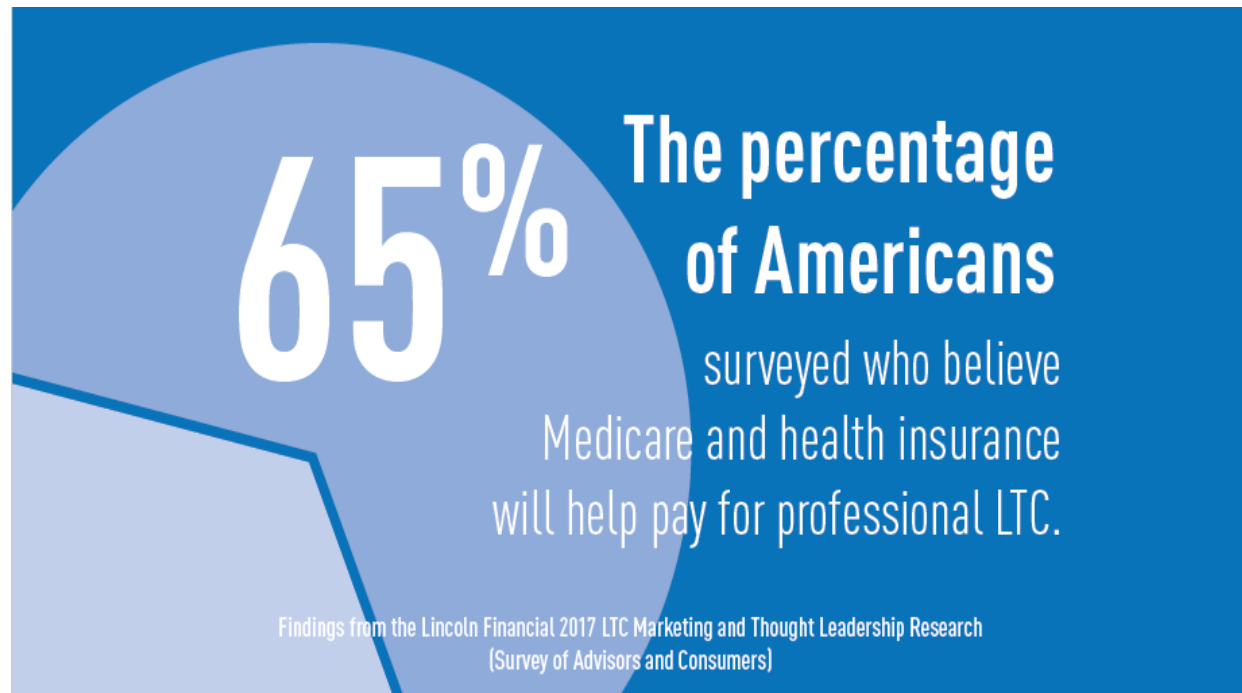
*Department of Health & Human Services, "Long-Term Services and Supports for Older Americans: Risks and Financing," *ASPE Issue Brief*, <https://aspe.hhs.gov/pdf-report/long-term-services-and-supports-older-americans-risks-and-financing-research-brief>, February 2016.

Misconceptions about the risk of long-term care

#2: *Medicare and Medicaid have me covered.*

Do you believe Medicare and Medicaid will help pay for LTC?

***You're
in good
company.***



Source: Versta Research, "2017 LTC Marketing and Thought Leadership Research. Findings from Surveys of Advisors and Consumers," https://newsroom.lfg.com/sites/newsroom.lfg.com/files/doc_library/file/2017_Long-Term_Care_Thought_Leadership_Research_Source_Deck.pdf, February 2018.

Misconceptions about the risk of long-term care

#3: *That's what my savings are for.*

Americans surveyed estimate the average annual cost of a private room in a nursing home to be:

\$54,000

The national average annual cost for a private room in a skilled nursing facility:

\$ 102,000

Americans underestimate the cost by half.



How far would your savings go if you had to pay for an unplanned long-term care event?

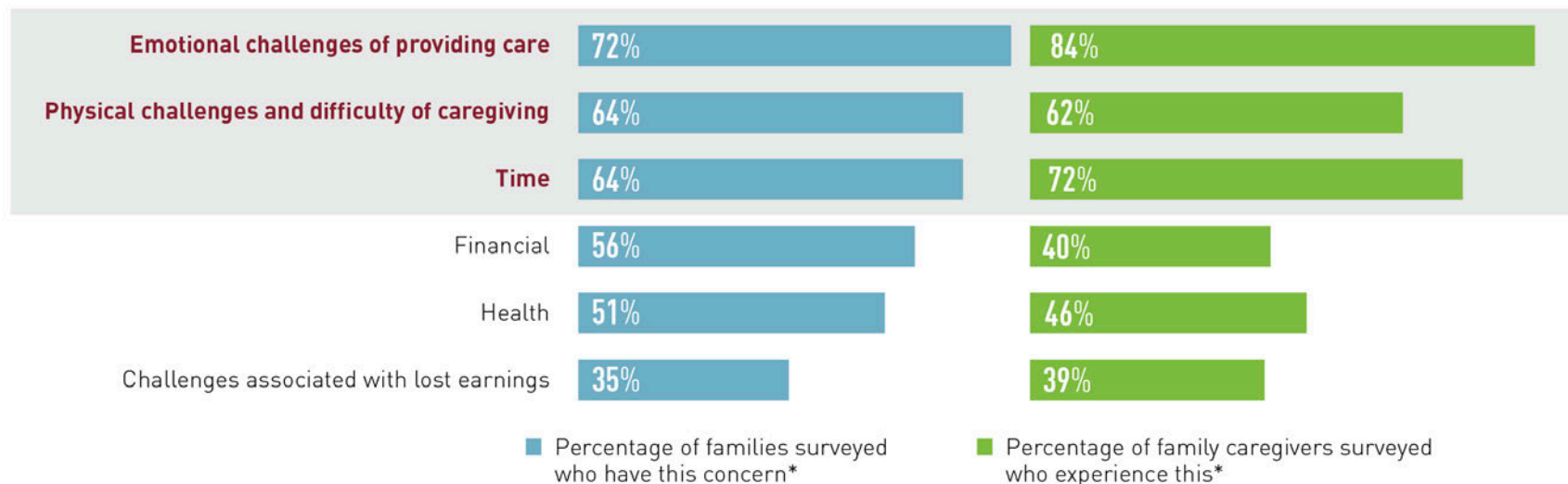
Source: Versta Research, "2017 LTC Marketing and Thought Leadership Research. Findings from Surveys of Advisors and Consumers," https://newsroom.lfg.com/sites/newsroom.lfg.com/files/doc_library/file/2017_Long-Term_Care_Thought_Leadership_Research_Source_Deck.pdf, February 2018.



Misconceptions about the risk of long-term care

#4: *My family will take care of me.*

Families should be aware of the physical, emotional and financial risks of providing care while juggling work and maintaining family responsibilities.



*Source: Versta Research, "2017 LTC Marketing and Thought Leadership Research. Findings from Surveys of Advisors and Consumers," https://newsroom.lfg.com/sites/newsroom.lfg.com/files/doc_library/file/2017_Long-Term_Care_Thought_Leadership_Research_Source_Deck.pdf, February 2018.



Who needs to plan for long-term care?

EVERYONE!

1.



To ensure your
quality of care

2.



To maintain
your dignity

3.



To protect your
family's financial
security

Source: Versta Research, "2017 LTC Marketing and Thought Leadership Research. Findings from Surveys of Advisors and Consumers," [https://newsroom.lfg.com/sites/newsroom.lfg.com/files/doc_library/file/2017 Long-Term Care Thought Leadership Research Source Deck.pdf](https://newsroom.lfg.com/sites/newsroom.lfg.com/files/doc_library/file/2017%20Long-Term%20Care%20Thought%20Leadership%20Research%20Source%20Deck.pdf), February 2018.



Plan for long-term care when you plan for retirement

You should plan WELL BEFORE you're likely to need care.



91% of Americans believe long-term care planning is an important component of retirement planning.



On average, financial professionals agree that it's a good idea to begin long-term care discussions at age 50.

Source: Versta Research, "2017 LTC Marketing and Thought Leadership Research. Findings from Surveys of Advisors and Consumers," https://newsroom.lfg.com/sites/lfg.newshq.businesswire.com/files/doc_library/file/2017_Long-Term_Care_Thought_Leadership_Research_Source_Deck_2017.pdf, December 2017.



Planning starts with a conversation

Plan as a family because long-term care impacts everyone.

Americans have been reluctant to talk with family and friends about who would provide long-term care.

Have talked with...	...about who would provide long-term care.
Spouse	52%
Parents	35%
Children	29%
Friends	22%

Have you talked with your family?

- Your spouse and children may have already formed attitudes and opinions regarding your care or theirs.
- Are you and your loved ones on the same page regarding how you want to be cared for?
- Would you feel comfortable having your children make a care decision for you?

Source: Versta Research, "2017 LTC Marketing and Thought Leadership Research. Findings from Surveys of Advisors and Consumers," https://newsroom.lfg.com/sites/newsroom.lfg.com/files/doc_library/file/2017_Long-Term_Care_Thought_Leadership_Research_Source_Deck.pdf, February 2018.



Conduct a realistic family care assessment

You may need the support of a professional caregiver.



72% of parents and children worry they would not be able to provide adequate care if someone in their family needed it.

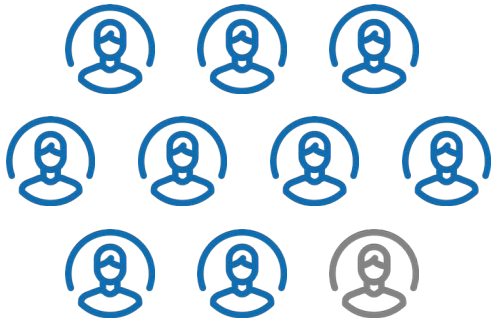


63% of family caregivers say that long-term care insurance would have made their caregiving role easier.

Source: Versta Research, “2017 LTC Marketing and Thought Leadership Research. Findings from Surveys of Advisors and Consumers,” [https://newsroom.lfg.com/sites/newsroom.lfg.com/files/doc_library/file/2017 Long-Term Care Thought Leadership Research Source Deck.pdf](https://newsroom.lfg.com/sites/newsroom.lfg.com/files/doc_library/file/2017_Long-Term_Care_Thought_Leadership_Research_Source_Deck.pdf), February 2018.

Your financial professional can help you plan

Include LTC as part of your retirement planning.



9 out of 10 Americans believe that financial professionals should take the lead in discussing LTC plans with clients.

Financial professionals can help by

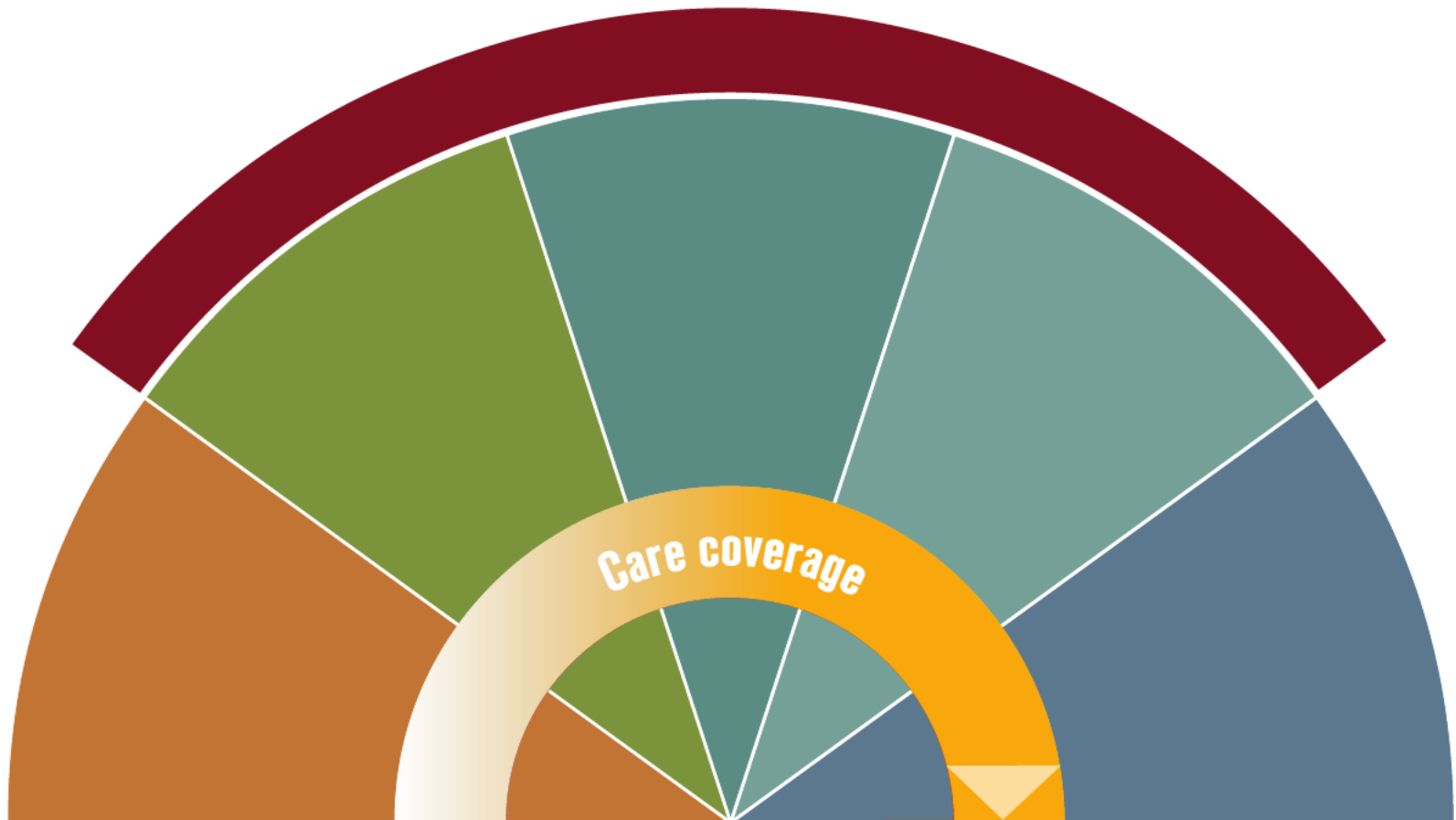
- Facilitating the LTC discussion most families are reluctant to have
- Exploring options for long-term care expense planning
- Directing you to health-related legal documents that you will need to prepare or update
 - Living will/advance directive
 - Durable healthcare power of attorney
- Reviewing your plan regularly and making updates to keep you on track

Source: Versta Research, “2017 LTC Marketing and Thought Leadership Research. Findings from Surveys of Advisors and Consumers,” https://newsroom.lfg.com/sites/newsroom.lfg.com/files/doc_library/file/2017_Long-Term_Care_Thought_Leadership_Research_Source_Deck.pdf, February 2018.



Long-term care expense planning options

The different types of solutions available



Hybrid solutions

Life insurance with accelerated benefit or critical illness riders

Definition:

- Death benefit protection with a living benefit

For people interested in:

- The financial protection of a death benefit and added protection from long-term care expenses

Considerations:

- Death benefit may be reduced if rider is exercised



Hybrid solutions

Life insurance/long-term care combinations

Lincoln *MoneyGuard*® solutions
Convenience and choice mean everything!



Care at home and
in your community



Facility care



Additional care
and services

- Tax-advantaged reimbursements for qualified long-term care expenses — worth much more than your premium payments
- Death benefit or return of premium if you never need long-term care
- Flexible payments, up to **[25]** years
- Premiums that never increase, provided premiums are paid as planned, and no loans or withdrawals are taken
- No deductible or waiting period (once eligible)
- Concierge Care Coordination



Lincoln *MoneyGuard*® solutions

Lincoln Concierge Care Coordination — help finding the services you need.

Policyowners and their families get these advantages before ever filing a claim.*



A connection to local resources



A needs assessment to help you create the right care plan



An online library with a wealth of information



A social network to keep caregivers and loved ones connected



Customized care recommendations via a provider search and match

*Includes claims support provided by Lincoln Financial and services provided by a third party vendor not affiliated with Lincoln Financial. Ask your financial professional, a licensed insurance agent/producer, how to access Lincoln Concierge Care Coordination services.



Lincoln *MoneyGuard*® solutions

Eligibility for reimbursement of qualified LTC expenses*

- The insured is certified as chronically ill by a Licensed Health Care Practitioner (LHCP).
- The LHCP certifies that the insured is unable to perform at least two of the activities of daily living (ADLs) without substantial assistance from another for a period of at least 90 days.
- The ADLs are: bathing, continence, dressing, eating, toileting and transferring. An insured may also be certified chronically ill as a result of severe cognitive impairment.
- Certification must be reconfirmed by a LHCP every 12 months for reimbursement eligibility.
- Qualified long-term care benefits will continue as long as the individual is certified as chronically ill and until the entire long-term care benefits are exhausted.
- Care is provided under a care plan prescribed by a Licensed Health Care Practitioner.
- Reimbursement is for covered expenses up to the maximum benefit specified in the policy.
- Eligibility is subject to claims requirements as specified in the policy rider.

*Contract contains full details and definitions.



Lincoln MoneyGuard[®] solutions

Benefits if you need long-term care



Income tax-free reimbursements for qualified long-term care expenses.¹

Leverage your long-term care dollars. Get more for your money if LTC care is needed.

OR

A benefit if you don't



An income tax-free death benefit.²
The death benefit is reduced by any loans, withdrawals and benefits paid.

Leave a legacy to your loved ones if you don't need care.

OR

Return of premium options



Option 1

Choose to maximize your long-term care benefits
A return of 70% of your paid premiums is available.³

OR

Option 2

Choose to maximize your return of premium
100% return of premium is available after year 10.³

Choose from options for more benefits or more liquidity.

¹LTC reimbursements are generally income tax-free under IRC Section 104(a)(3).

²Beneficiaries may receive an income tax-free death benefit under IRC Section 101(a)(1).

³Through the Value Protection Endorsement available at issue. The money returned will be adjusted for any loans, withdrawals and benefits paid, and may have tax implications. Endorsement contains complete terms and conditions.



Lincoln MoneyGuard® solutions

Return of premium options

Your return of premium option must be selected at time of purchase.

Option 1

Choose to maximize your long-term care benefits
A return of 70% of your paid premiums is available.*



**With Option 1, your
total long-term care
benefit amount will be
greater than with
Option 2.**

OR

Option 2

Choose to maximize your return of premium
100% return of premium is available after year 10.*

Return of premium vesting schedule

Year 1: 70%	Year 6: 85%
Year 2: 73%	Year 7: 88%
Year 3: 76%	Year 8: 91%
Year 4: 79%	Year 9: 94%
Year 5: 82%	Year 10: 97%
	Year 11+: 100%

*Once chosen, the return of premium option cannot be changed. The return of premium is provided through the Value Protection Endorsement available at issue on all policies. The money returned will be adjusted for any loans, withdrawals and benefits paid, and may have tax implications. Endorsement contains complete terms and conditions.



Start early with flexible payments

Meet Brad, married, age 45, funding multiple family priorities

He purchases a 20-pay, \$100,000 Lincoln *MoneyGuard*® III policy*



- Duration of long-term care benefits is at least four years (4-year LTCBR)
- A 5% compound inflation protection (additional cost)
- Annual premium in years 1–20, \$5,000; \$100,000 total
- Payments completed by age 65
- Return of premium—Option 1 (70%) to maximize LTC benefits

Benefits at age 80 (Policy had 35 years to grow.)

- ✓ **Yearly and monthly maximums: \$183,138 per annum, \$15,261 per month**
- ✓ **Total benefits of \$789,346 would be spread out over four years, increasing 5% per year**

Note: This is a hypothetical example. Benefit amounts will vary by client's age and gender, except where rates are not determined by sex or marital status.

*Policy performance as projected is based on paying premiums on time and in full. If all payments are not made as planned, the projected performance of the policy may be impacted.



Greater affordability by extending payments

Meet Ann, age 50, planning for her retirement with a goal to fund assisted living near her hometown.



Ann purchases a 15–pay, \$144,000 Lincoln *MoneyGuard*® III policy*

- Duration of long-term care benefits is at least six years (6-year LTCBR)
- A 3% compound inflation protection (additional cost)
- Annual premium in years 1–15, \$9,600; \$144,000 total
- Payments completed by age 65
- Return of premium—Option 1 (70% Base) to maximize LTC benefits

Benefits at age 77 (Policy had 27 years to grow.)

- ✓ Yearly and monthly maximums: \$119,260 per annum, \$9,938 per month
- ✓ Total benefits of \$771,420 would be spread out over a minimum of six years, increasing 3% per year (Note: 5% inflation protection is also available at purchase.)

*Policy performance as projected is based on paying all of the planned premiums on time and in full. If all payments are not made as planned, the projected performance of the policy may be impacted.



Build early protection and maintain flexibility

Victor and Gail, both age 50, shifting priorities from college funding to retirement



- Duration of long-term care benefits is at least six years (6-year LTCBR)
- Inflation protection at 3% compounded annually (additional cost)
- Annual premium in years 1–5, \$9,282 for male; \$11,133 for female
- Payments completed by age 65
- Return of premium—Option 1 (70%) to maximize LTC benefits

Benefits for each at age 84 (policy has 34 years to grow.)

- ✓ Yearly and monthly long-term care maximums: \$170,000+ per annum, \$14,000+ per month
- ✓ Total long-term care benefits: \$1.1M+ increasing 3% per year
- ✓ Death benefits of \$139,230 for Victor and \$166,995 for Gail
(Note: 3% inflation protection is also available at purchase.)

Note: This is a hypothetical example. Benefit amounts will vary by client's age and gender, except where rates are not determined by sex or marital status.

* Policy performance as projected is based on paying premiums on time and in full. If all payments are not made as planned, the projected performance of the policy may be impacted.



WA Cares FundSM

Washington state enacts first public long-term care insurance program



The WA Cares FundSM creates a publicly funded long-term care benefit for Washingtonians that provides a basic level of long-term care protection for working residents.

WA Cares FundSM

Washington state enacts first public long-term care insurance program

What we know

- The program is funded through a payroll tax.
- Based on current expectations, employees are required to contribute 58 cents per every \$100 of income through a payroll deduction.
- Once vested, total lifetime benefits are \$36,500/person that is adjusted for inflation.
- LTC benefits are only available to eligible participants in the state of Washington and are not transferable.
- Individuals that own a private long-term care insurance policy are able to permanently opt out of the program by applying for an exemption with their employer.
- To qualify for an exemption, the policy must be purchased by November 1, 2021, and the policyholder must apply for the exemption from October 1, 2021 to December 31, 2022.



WA Cares FundSM

Washington state enacts first public long-term care insurance program

When it's effective

- The tax will be collected beginning January 1, 2022, unless the employee has opted out.
- Benefits become available to eligible employees and retirees starting in 2025.
- State employer education began in 2020 and is continuing.

Who it impacts

- All Washington workers
- An option to participate is available for self-employed workers.
- Note that employers are not required to make contributions.
- Residents that move out of state for longer than five years will forfeit benefits and premiums



WA Cares FundSM

Washington state enacts first public long-term care insurance program

How it works

- Employees pay a tax that a trust fund invests and distributes after employees are vested and qualified.
- The vesting period for benefits includes those that have paid the tax for either: Three of the past six years, or
- Ten years without a break of five or more years
- Care providers must be listed on a Department of Social and Health Services approved list.
- To qualify, once vested, residents must require assistance with three Activities of Daily Living (ADL),* which include:



*Washingtonians for a Responsible Future, Long-Term Care Trust Act Fact Sheet, <https://responsiblefuture.org/the-ltc-trust-act/#:~:text=The%20Long-Term%20Care%20Trust%20Act%20would%20set%20up,care%20needs%20over%20months%2C%20years%20or%20even%20decades.>

Conclusion

- Everyone needs to plan—BEFORE care is needed.
- Planning starts with a conversation—include the entire family.
- Your financial professional can help.
- Hybrid long-term care solutions offer benefits if you need care and a death benefit if you don't.
- An early start can improve affordability and build benefits.



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Issued by The Lincoln National Life Insurance Company, Fort Wayne, IN, on Policy Form ICC19-MG890 with the following riders: Value Protection Endorsement (VPE) on form ICC19END-10534; Long-Term Care Benefits Rider (LTCBR) on form ICC019LTCBR-890.

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Lincoln *MoneyGuard*® III is a universal life insurance policy with a Long-Term Care Benefits Rider (LTCBR) that accelerates the specified amount of death benefit to pay for covered long-term care expenses and continues long-term care benefit payments after the entire specified amount of death benefit has been paid. The return of premium options are offered through the Value Protection Endorsement (VPE) available at issue; Base option (1) and Graded option (2) are included in the policy cost. Any additional surrender benefit provided will be adjusted by any loans/loan interest/loan repayments, withdrawals taken, and claim payments made. The cost of riders will be deducted monthly from the policy cash value. The insurance policy and riders have limitations, exclusions and reductions. Long-term care benefit riders may not cover all costs associated with long-term care costs incurred by the insured during the coverage period. There is not a waiting period once the policyowner has qualified for benefits. We will not deny benefits for pre-existing conditions. This does not preclude us from exercising other remedies available at law, in equity or in contract because of misrepresentations. A pre-existing condition is a condition of the insured for which medical advice or treatment was discussed with, recommended by, or received from, any provider of health, psychological or other care services within six months preceding the issue date. The insurance policy and rider are subject to medical underwriting and approval. If your policy enters a grace period, we will allow 61 days to pay a premium sufficient to prevent your policy from lapsing. All contract provisions, including limitations and exclusions, should be carefully reviewed by the owner. For costs and complete coverage details, contact your agent or producer.

All guarantees and benefits of the insurance policy are the responsibility of the issuing insurance company. They are not backed by the broker-dealer and/or insurance agency selling the policy, or any affiliates of those entities other than the issuing company affiliates, and none makes any representations or guarantees regarding the claims-paying ability of the issuer.



Important information, cont'd.

General exclusions and limitations

This rider will not provide benefits for: a. treatment for alcoholism or drug addiction (unless the drug addiction is a result of medication taken in doses as prescribed by a physician); b. treatment arising out of an attempt (while sane or insane) at suicide or an intentionally self-inflicted injury; c. treatment provided in a Veteran's Administration or government facility, unless the Insured or the Insured's estate is charged for the confinement or services or unless otherwise required by law; d. loss to the extent that benefits are paid under any of the following: 1. Medicare (including that which would have been payable but for the application of a deductible or a coinsurance amount). This means that this rider does not pay for the Insured's Medicare deductible or coinsurance; 2. other governmental programs (except Medicaid); 3. state or federal workers compensation laws; 4. employer's liability laws; 5. occupational disease laws; and 6. any motor vehicle no-fault laws; e. confinement or care received outside the United States, other than benefits for Nursing Home Care Services and Assisted Living Facility Services as described in the International Benefits provision; f. services provided by a facility or an agency that does not meet the definition for such facility or agency as described in the Covered Services provision of the Long-Term Care Benefits Rider (LTCBR); and g. services provided by a member of the Insured's or Owner's Immediate Family or for which no charge is normally made in the absence of insurance, unless: 1. the Immediate Family member is a regular employee of the service or care provider furnishing the service or care; 2. the service or care provider receives the payment for the service or care; and 3. the Immediate Family member receives no compensation other than the normal compensation for an employee in his or her job category.

Renewability, termination and cancelability

The LTCBR is noncancelable. This means you have the right, subject to the terms of your policy and rider(s), to continue this rider as long as your policy stays in-force. The Lincoln National Life Insurance Company cannot change any of the terms of your policy and rider(s) on its own and cannot increase the monthly rider charges or monthly inflation charges.

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Not guaranteed by any bank or savings association		



Q & A Time

Please submit questions into the chat.

Questions? Contact us!

- Mitch Hamilton: mhamilton.cfsinvest@soundcu.com
- Andrew Lawrence: alawrence.cfsinvest@soundcu.com



soundcu.com/invest



800.562.8130

Thank you!



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