How will your clients

pay for long-term care?

What are the care options?

As your clients plan for retirement, a key step is considering how they will pay for a long-term care (LTC) event. One way to start that discussion is to get an idea of the costs to expect:*

Nursing Home: Private Room	Nursing Home: Semi-Private Room	Assisted Living Facility	Home Health Care Aide**	Adult Day Care
$102,930/year	$91,615/year	$47,064/year	$32,760/year	$20,540/year
3.1% average annual increase	**3.2% average annual increase**	**2.1% average annual increase**	**1.5% average annual increase**	**1.5% average annual increase**

What are the payment options?

No one can predict the future, but if the need for long-term care should arise, how would your client pay? Let's explore the options.

Option 1:
Use personal income and savings

Questions to consider

- Will they be depleting retirement income, affecting their lifestyle?
- Will they rely on family members to provide their care, perhaps creating an emotional and physical burden for an unpredictable length of time?
- Will they need to liquidate portfolio assets to pay for costs, possibly selling at a poor time and/or creating unplanned taxes?
- Do they have a surviving spouse and/or other loved ones who are depending on a set amount of inheritance?

*John Hancock Cost of Care Survey, conducted by LifePlans, Inc., 2016.
**Home health aide costs are based on six hours of care per day, five days a week.

Option 2:
Transfer the risk

The client could purchase one of the following:

- **LTC insurance** — a standalone insurance policy that will help pay for the costs associated with long-term care.
- **A life insurance policy with an LTC rider** — provides a death benefit with the option to accelerate the death benefit to help pay for long-term care if needed. If long-term care is never needed, the death benefit is available to the policy's beneficiaries
- **A linked-benefit product** — allows policyholders to reposition under-performing or under-utilized assets to a non-qualified annuity or life insurance product and accelerate the benefit to pay for long-term care, if needed; frequently includes "extended" LTC benefits beyond the base policy. If care is never needed, the base benefit remains for beneficiaries.

Questions to consider

- Is LTC the primary driver for the coverage, or does client have other needs, e.g., death benefit for estate planning, supplemental retirement income, etc.?
- How would they pay for each of these options, i.e., monthly premiums, or do they have an under-performing or under-utilized asset they can allocate?
- Are they looking for an option that helps ensure they will not need to turn to family for financial or physical help with long-term care needs?
- While the cost of a standalone policy is often the least-expensive option, are they reluctant to pay premiums for a benefit that might never be used?
- How much flexibility do they need in the product they buy? (e.g., do they need a product that provides supplemental income and death benefit as well as LTC coverage?)

For more information, please contact your local John Hancock Sales Representative or National Sales Support at 888-266-7498, option 2.

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The Long-Term Care (LTC) rider is an accelerated death benefit rider and may not be considered long-term care insurance in some states. There are additional costs associated with this rider. The Maximum Monthly Benefit Amount is $50,000. When the death benefit is accelerated for long term care expenses, it is reduced dollar for dollar, and the cash value is reduced proportionately. Please go to www.JHSalesHub.com to verify state availability. This rider has exclusions and limitations, reductions of benefits, and terms under which the rider may be continued in force or discontinued. Consult the state specific Outline of Coverage for additional details.

Loans and withdrawals will reduce the death benefit, cash surrender value, and may cause the policy to lapse. Lapse or surrender of a policy with a loan may cause the recognition of taxable income. Policies classified as modified endowment contracts may be subject to tax when a loan or withdrawal is made. A federal tax penalty of 10% may also apply if the loan or withdrawal is taken prior to age 59½.

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