3-Step Sales Process to Becoming an Effective Care Planning Advisor

FINANCIAL INDEPENDENCE GROUP®

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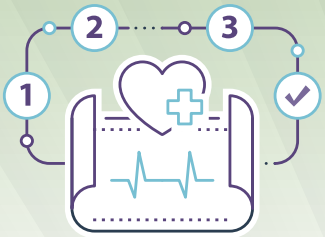
The long-term care insurance (LTCi) product landscape has changed dramatically over the past decade. Today, consumers have more options and in particular, Asset Based LTCi.

LTCi:
LTCi with a life insurance or annuity chassis is one of the more popular options and a good fit for many advisors to use to help their clients meet their planning objectives. The 3 Step process outlined below can serve as a tool to help financial professionals when working with clients for whom an Asset Based LTCi policy is the right option to meet their needs.

Advantages:
Asset Based products offer many advantages to consumers that traditional LTCi products don't. These include day-one return of premium, no "use it or lose it" risk, tax-free benefits (living and death), no future rate increases and flexibility in contributions and benefits. They also provide consumers and financial professionals an opportunity to create a plan that is priority-driven and supported by contributions from asset reallocation or cash flow.

The Process:
How does an advisor who has previously sold traditional LTCi, or an advisor who is new to Care Planning become proficient in making product recommendations in today's landscape? Developing a simple, repeatable and product agnostic process used with every client along with utilizing FIG's Care Planning team will lead to full Care Planning implementation in your practice. Not only will you provide Care protection but also generate a new revenue stream for your business. Read more about why it is vital for financial professionals to incorporate Care Planning for the future of their business model here.



3-Step Planning Strategy

Homework: Understand the consequences

Financial Professional Understanding: It is important for financial professionals to understand the financial, emotional and physical consequences clients and their families could face if they do not have an effective LTC plan. A helpful resource is *The Conversation* by Harley Gordon. This book outlines the consequences of not having an LTC plan, how to ask the right questions for an effective conversation with clients and how to move the process toward identifying appropriate solutions within the financial plan to mitigate risk.

Client Understanding: Per Harley Gordon's recommendation, the LTC conversation should always be led with the consequences an exended care event can have on the client's family before addressing risks to the individual. Once the consquences are undertood, help clients understand the financial impact a Care Planning event can have on their assets. Show them the current and future costs of care in their area using Genworth's Cost of Care Survey which is also the source cited on the government LTC website for credibility: Government LTC Website.

Print the PDF report for your client meeting. We also recommend mailing a Myths piece a week before the scheduled appointment to start getting them in the right mindset before meeting.

Step 1: Asset Identifier

"Mr. and Mrs. Client, if something were to happen to you today that required some or a significant amount of assistance to allow you to continue to live in your home, what asset would you access first to pay for care? "

The Asset Identifier is where you find the money. Present this as doing your due diligence given the financial impact LTC has on portfolios. If a care event happens, you need to be able to advise the family on where to start pulling assets from first. Fill in the costs based on the previously pulled Genworth Cost of Care report. Inform clients this form will continue to be assessed annually during reviews to ensure accuracy in their preferences.

During this conversation you may find assets you weren't aware of before. Once the preferred asset has been identified, say *"What I'd like to do is add efficiences to your plan."* This leads into presenting Care Planning solutions leveraging asset-based LTC products.

Sources of Funding:

ABLTC products accept funds from a wide range of sources to accommodate planning objectives. To make a suitable product recommendation requires an assessment of a client's insurance holdings, assets within portfolios and cash flow/income plans.

Cash or Cash Equivalent:
Use dead assets or assets your clients set aside for rainy day funds or those they aren't using for income.

Cash Value Life Insurance:
An insurance review is a great place to start looking for sources of funding. FIG's CAR Program can do this for you on any inforce permanent life policy. It is important to review a client's in-force insurance plan as a potential source of funding (cash value). In addition, some life insurance products contain living benefits including critical, chronic and terminal illness. Some annuities contain provisions for LTC needs.

Annuities:
The Pension Protection Act (PPA) authorizes the transfer into PPA compliant LTC annuities for triple tax efficiencies: *(1)Tax free transfer (2)Tax free deferral* and *(3)Tax free distribution for LTC benefits*. Most carriers with LTC annuities will offer additional leverage to increase the benefit pool. This option is great for highly appreciated annuities.

RMD Strategies and Qualified Savings:
Using RMD strategies to fund LTCi plans is common among financially stable retirees who recognize they are not dependent on any/all of their qualified savings to support their lifestyle.

Income:
Leveraging an LTC strategy with current/future cash flow might be a viable alternative. An LTC plan designed with systematic contributions is a helpful method to fund traditional LTCi plans.

ASSET IDENTIFIER

Company Name
Address
Phone Number
Email Address

As part of the ongoing financial process we reviewed and discussed our concerns. We've discussed the risks around a catastrophic event or extended healthcare need, the current cost of long-term care in your area is the following:

- At home care = _____
- Assisted living = _____
- Private nursing home = _____

_____has informed me that they would like to self-insure against the catastrophic event or extended healthcare need, using the following assets:

Account Name	Account Type	Account Value	Account Number

We will continue to review how a catastrophic event or extended healthcare need will impact their financial future.

Client Name_____
(Print/Sign)

Advisor Name_____
(Print/Sign)

Step 2: 50/10 Strategy:

Once the client has identified the asset earmarked for a potential Care Event, ask if you can add efficiencies to their plan. Consult with FIG Care Planning Team & make recommendation to the client.

The Care Planning conversation should never lead with premium. Instead, focus on the cost of care and monthly benefit levels using the 50/10 Strategy:

50: Solve for 50% of the high end costs (nursing home) which covers close to 100% of the low end costs (home care).

10: Show a 10-pay solution first: Clients don't want to think about writing a single-premium check. To address that objection upfront, say *"We've designed this solution as a starting point to cover 50% of the high end risk, paying for it over a 10 year period- we wanted to make it as easy as possible for you from a cash flow standpoint. However, there are other ways we can fund this if you prefer."*

Show single premium: *"Paying over 10 years costs "X" amount. However, if you want to keep the benefits exactly the same and pay in a shorter period you'll see that there's a discount for paying in bulk, saving you "X" amount in total."*

Reiterate: *"Mr. and Mrs. client, understand that these numbers are just a starting point to show you what a 50% hedge against the high end risks looks like. As we've discussed, this can be customized to what you are comfortable with so we can go up or down from here to find the appropriate solution for you."*

Communicate to your clients how their assets are exposed to financial risk inherent to the aging process. Restate the consequences of this financial risk and demonstrate how the Care Planning recommendation will add efficiencies to their plan identified on the Asset Identifier. The plan will be funded recognizing thier priorities. This approach will help you make a recommendation without pushing a sales pitch.

**Underwriting concerns should also be addressed at this time using FIG's Prequalification Form*

Step 3: Identify Care Planning Opportunities in Your Book of Business

Know Your Sources.

Funding sources may include:

- *Cash or Cash Equivalents*
- *Repositioning Cash Value Life Insurance or Annuities*
- *Qualified Assets*
- *Income*

Comb through your book and set appointments to discuss Care Planning. FIG has a general, product agnostic pre-approach letter you can use here.

teambarnette@figmarketing.com

Questions?

For questions about the Asset Based Care Planning process, please contact FIG's Care Planning Team at 800-527-1155 or at teambarnette@figmarketing.com.

Recommendations regarding reinvestment of distributions from IRAs and qualified plans are subject to the Department of Labor's new fiduciary standards. This includes additional documentation requirements and different compensation practices for these sales. Please make sure you understand and follow your fiduciary obligations before recommending such strategies.

FYI: Older insurance policies.

Review older insurance policies to see if they provide living benefits, are outdated or underperforming. These policies enable agents to leverage account values and plan contributions to implement a Care Planning solution. FIG's CAR program available to all FIG agents will do a free, comprehensive analysis and review on any permanent, inforce life insurance policy to assess whether the policy is in good standing and/or present efficiencies as appropriate.

Connect with us!

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Contact the FIG Care Planning Team at 800-527-1155 or by email to teambarnette@figmarketing.com to learn more about the advantages of Asset Based LTC products.