



GenworthSM
Financial

Built on GE Heritage

LTCI PLANNING AND SALES TECHNIQUES FACT FINDERS

JANUARY 2006

Long Term Care Insurance Products are
Underwritten by Genworth Life Insurance Company,
and in New York, by Genworth Life Insurance Company
of New York

INDEX

The 3 Step Process Pages 2-3

Fact finder: Prospect has no prior experience with long term care . . . Pages 4-11

Fact finder: Prospect has had an experience with long term care . . . Pages 12-18

Pivoting from one financial discussion to long term care Page 19

Additional objections Pages 20-21

Best practices: Recommendations for how to craft a policy Pages 22-25

THE THREE STEP PROCESS

The reasonable opportunity to sell long term care insurance (LTCI) is based on three essential elements:

STEP 1: Establishing the need for long term care beyond a reasonable doubt. That living a long life may substantially increase the risk of needing long term care

STEP 2: Establishing beyond a reasonable doubt that providing care may have serious consequences for the individual's family and finances; and

STEP 3: Establishing beyond a reasonable doubt that generally nothing may pay for the plan of care other than assets and income, otherwise allocated for retirement, thus possibly placing the client's best thought-out retirement plan in jeopardy

- These steps are sequential: You should not attempt to establish Step 2 unless you are convinced that the prospect has bought into Step 1 and so on.
- These concepts are interdependent: When all three elements are established *independently* they end up operating interdependently. That is, they continually reinforce themselves thus establishing a strong foundation for the sale of LTCI.

STEP 1: Establishing the Need For Long Term Care:

It's not, "You may live a long life." It's, "You *may* live a long life."

One of the tenets of this program is that you cannot sell in a debate. Using numbers, charts, and statistics only lead to a debate. You can sell when you are in a discussion based on commonly held beliefs:

Continued on next page

Most reasonable people believe they may live a long life. If the client argues the point there can be little purpose in continuing the interview.

Reasonable people believe that when they live a long life their chances of needing care increase.

It is critical that your client agrees that he/she may live a long life and when they do there is a reasonable likelihood they will need care. Without this basic agreement *you should not continue* to Step 2.

STEP 2: Establishing a plan of care; Long term care is not about your client; it's about his family.

It's easier to sell LTCI when you remember that it is little different than selling life insurance: The insured buys coverage for his family not himself. The point that must be reinforced throughout the interview is:

The question is not who will take care of you when you need care; your family may. Rather it is what providing that care may do to your family and your best thought out retirement plan.

You are establishing need based on common beliefs and experiences.

Remember:

- It is the children who may feel the need to provide the care. "Children" are defined usually as the daughter;

- Long term care tends to tear families apart because the responsibility of providing care is usually not shared equally;
- Children may not want to take care of their parents, but they may because it is the right thing to do.

It is important that your client agrees that LTC is a family, not individual, issue. Without this basic agreement *you should not continue*.

It is important that your client agrees that in principle LTC is paid for by cash. Without this basic agreement *you should not continue*. Please reference the section that deals with common objections when the subject is brought up.

STEP 3: Protecting the plan with long term care insurance

The third step in laying the solid foundation is to educate the client about what providing that care could do to his well thought out retirement plan. Things to remember:

- The client has put together a portfolio over the years, the goal of which is to sustain a lifestyle in retirement. The plan has been protected by life, disability income, and health insurance, among other forms of protection;
- When the client retires, term and DI insurance usually evaporate. He is now going into his retirement years exposed to the greatest risk of all, not dying;
- The portfolio has probably been allocated for retirement not paying for long term care. However, without long term care insurance, long term care expenses may only be paid from retirement assets and income.
- Translation: Invasion of principal.

FACT FINDER FOR CLIENT WITH NO PRIOR LONG TERM CARE EXPERIENCE

Use this fact finder if the client has not had a prior experience with long term care.

Agent: May I ask, have you or anyone you know had an experience with long term care?

Agent: What have you heard about the subject?

Agent: Why are you interested?

Agent: I've had an experience and I want to take a moment to share with you the impact it had on my family.

(If you have not had an experience use a client's) Make sure you cover: how the family had no plan for providing care, how long the experience lasted, what impact it had, how the family found out at the last minute nothing paid for care other than retirement savings.

Agent: Do you believe you are going to live a long life?

Objection: No, my father died when he was 60.

Agent: I occasionally hear that from clients. I'm not sure they believe it, however, because they have made their financial planner promise they would not have to touch principal when they retire. The fact of the matter is just about everyone believes they may live a long life. It is reasonable to believe that when you do you may need care.

- If they are your client tell them the same thing differently:

Agent: Think about this for a moment: You've made me promise that there will be enough to fund your post-retirement lifestyle. In fact I based your retirement plan on living to age _____ (fill in the age range). That tells me you believe you may live a long life. When you live a long life your chances of needing long term care increase significantly.

Or client answers: Yes I do believe I may live a long life.

Agent: When you live a long life the chances of needing care increase. Would you agree?

Continued on next page

Objection: Not necessarily. Everyone in my family was healthy until the day they died.

Agent: Clients tell me that on occasion but it seems to be contrary to what they actually think. For example, many clients who purchase life insurance tell me that their parents lived a long life. They understand that if they die during working years, even though the chance is remote, the consequences could be so severe they may have no choice but to take steps to protect their family. That's the main reason they purchase life insurance.

Agent: That is exactly why many of my clients purchase LTCI: They all expect they may not get sick and need care. But they understand if they do, the consequences could be so severe that they must take steps to protect their family. May I ask you a question? Do you think you are going to live a long life?

- Remember reasonable people do. They either promise themselves they may never touch principal when they retire or make their advisor promise that there will be enough. They only do these things because they believe they will live a long life.

Agent: Living a long life increases the chance of needing care. The question is not who will provide the care, your family may, but rather what providing that care may do to your family and well thought out financial plan.

If possible solicit the help of the spouse to drive home the point. Talk about your experience if you have one or relate the consequences of needing care through the stories of your clients.

...or client agrees he may need care and buys into the point that his illness may have an impact on his family and retirement plan

Agent: I'd like to ask a couple of basic questions so I begin the process of putting together a plan of care.

Objection: I appreciate your efforts but I'm not ready to buy. I'm just interested in getting some facts and numbers on long term care insurance

Objection: I understand what you are saying. I just want a quote on long term care insurance.

Agent: I can't do that at this time. The product is far too difficult to price until I have more information. I need to ask you a number of questions. The answers will allow me to talk to you not just about the product but about putting together a plan for how you will be taken care of when you do need care.

Continued on next page

Agent: Remember that was one of the key problems in your family: The illness in effect ran the show, not the family.

Continue

Agent: What thought have you given to who would help you? Have you discussed it with them?

Objection: I want my children to take care of me, so I don't need long term care insurance.

Agent: I'm not sure you mean that. Very few of my clients expect or want their children to take care of them. Even if they did their children may not have the expertise to provide the type of care they may need.

Prospect states: I don't want my children involved, I'll take care of it by myself.

Agent: Your children may be involved because they love you and want to make sure you are safe. The plan I want to put together recognizes that one or more may be available. It can allow them to provide the care you need and want longer and better at home.

The goal to the extent possible is to have the children involved. Many may make it their point to be there anyway.

Agent: Where would you want your care delivered?

Agent: Here are my thoughts based on your input.

If there is no spouse or children: The option of staying home is limited because there is no infrastructure. Although you may be able to stay home for a period of time (at the beginning of the illness) I suggest you look into assisted care facilities or a continuing care community in the future.

If there is a spouse but no children: Home care is viable but you should consider how it may be supported given that there are no children to help the well spouse cope. I suggest you consider assisted care facilities or a continuing care retirement community in the future.

Continued on next page

If there is one parent and children:

Agent: May I ask, which one of the children will be available to help provide care? It is very important that

_____ (name of child) be involved in the process.

Agent: At this point, I'd like to get some basic information.

PERSONAL

Name: _____ Spouse: _____

DOB: _____ DOB: _____

Address: _____

Home phone: _____ Business: _____ Cell: _____

E-mail & fax: _____

Children: _____

Name: _____ Name: _____

Name: _____ Name: _____

Where are they (helps in determining availability to provide care)?:

Relationship with children (helps determine who, if anyone, will provide care and what it will do his or relationship with the other siblings):

Grandchildren: _____

Do you have a will? _____ Power of Attorney? _____ Trusts? _____

FINANCIAL

Employment: H: _____ W: _____

Income: H: _____ W: _____

Social security income: H: _____ W: _____

Pension(s): H: _____ W: _____

Other income: _____

Qualified funds: _____

Non-qualified: _____

Stocks & bonds: _____

Investment property: _____

Agent: Do you have a financial advisor?: _____

Agent: I think that it's important for me to speak with him/her if you decide to go forward.

Agent: Most of my clients have established a retirement plan. However few have established a plan for paying for it. The problem is that when care is needed assets and income, otherwise allocated for retirement, may need to be diverted to pay for it.

Objection: I have enough money to pay for my care. (Prospect has modest estate)

Agent: Many of my clients have told me that. What I find is that they have money to pay for retirement needs. When I look at the portfolio, I find that the plan revolves around not invading assets because of the fear that they may live one day longer than their principal. Many agree that one of the major risks of invading principal is living a long life which leads to the reasonable belief they may need care.

Objection: I'm wealthy. My financial planner / lawyer / CPA told me I don't need LTCI.

Continued on next page

- **Stop. Think. Then ask:** May I ask what he / she said.

Agent: Let's assume for a moment that's the case. I have many clients who can more than cover the cost of long term care. They have also purchased long term care insurance. Here's what I found: Everyone shared two beliefs, that they were very likely to live a long life and that they fully expected to need care. In my experience wealthy individuals may always insure a risk if they believe it will happen to them.

- The problem will most likely be that you have not spent enough time establishing the need.
- A prospect's interest in speaking to you because of a prior experience does not necessarily mean he believes care will be needed.
- A person is always willing to self-insure an event if he doesn't believe the stated risk will happen to him. Always spend time establishing the need.

If the prospect owns a business suggest the tax advantages. Our policies are intended to be qualified long term care insurance contracts under federal tax law. Clients should consult a tax advisor to determine the income tax implications of paying premiums and receiving benefit payments. The discussion of tax treatment in this material is the Genworth Financial companies' interpretation of the current tax law and is not intended as tax advice. Clients should consult a tax professional for information related to their particular situation.

Objection: Medicare paid for my father-in-law when he needed care.

- Medicare is health insurance; generally, it pays for skilled or rehabilitative services. It pays for custodial care only incidentally to giving skilled care. Remember, however, that it routinely did prior to BBA'97. Providers, who were paid on a fee for service basis, figured a way to make a custodial care patient look like he needed skilled or rehabilitation services. That stopped in 1998. The answer should be:

Agent: No, it won't. Medicare pays for custodial care only incidental to skilled or rehabilitative services.

But it paid for custodial care for my friend, parent, etc.

Agent: When?

Objection: My attorney told me that Medicaid will pay for my care.

Agent: He's correct, Medicaid will pay if you need custodial care in a skilled nursing home. The problem is that it's all it will pay for. It pays little or nothing for home care, adult day care and assisted care. Even if you decide you want to go to a nursing home when you first need long term care you will have to transfer most of your assets including qualified funds and low cost based assets such as stock.

Continued on next page

Agent: In other words, Medicaid is not free. And assuming you want to stay in the community when you need long term care you may have to ask your family to give the transferred funds back to pay for your care.

Objection: I'm a Vet. The VA will pay for my care.

Agent: The VA provides health care for veterans. It is based on a priority system depending on service related injury. The Federal Long Term Care Insurance Program was created, in part, to offer long term care insurance to active and retired military personnel.

Agent: Are you familiar with long term care insurance?

Agent: How? Let the client tell you what he knows. Most likely it's not comprehensive.

Agent: Many of my clients believe that LTCL will pay for all of their care. That's not the case. As we have discussed, (or you know if the client has had a prior experience) families may provide the majority of assistance. LTCL can allow your family to provide the care better and longer by paying professionals to provide the type of care family members (remember children are the primary caregivers) may find the most difficult and embarrassing (never mention ADL assistance unless prospect asks what you mean). This may allow them to keep you at home better and longer.

Agent: Another key function is to help protect your finances so they can be used for the purpose you saved all these years – retirement. It's not much different than life insurance. Like my clients, you purchased the product early in your marriage to create wealth should you die unexpectedly. In later years you likely increased the amount to help preserve the retirement portfolio. At retirement most people drop their term insurance. If they had disability insurance it stops anyway. The retirement portfolio is now exposed to the greatest risk of all – living a long life.

Agent: In fact, that is the primary reason my clients purchase LTCL: They want to help preserve their retirement portfolio so it can be used for the purpose they intended, retirement. LTCL allows their plan to execute properly. Otherwise they would have to divert assets and income to pay for care.

Agent: Your thoughts on the concept?

Objection: It's too expensive.

- One reason this objection comes up is sticker shock created by not spending enough time establishing Steps 1 & 2. Don't assume that the client believes he actually may need long term care.
- The premium may have reflected the actual cost of care. Remember to reduce it by coinsurance from the prospects discretionary income.

Agent: May I ask why you think it's so expensive?

- Let the prospect help you overcome this objection.

Agent: If I may, I want to suggest that that may not be the case. If I can have just a little more of your time I want to have a closer look at your finances. In many instances my clients have enough to contribute towards the cost of their care. Let's look at the potential of your coinsuring the risk based on the numbers.

- Explain that you want the client to insure whatever they can afford: This is insurance and you want to keep the premium expense down.

Agent: Here are some numbers based on the information you have given me.

Agent: Based on your financial information the premium is affordable.

- If the client has a business, see the attached Tax Qualified outline.

Objection: I'll think about it.

The objection was raised because not enough time was spent on establishing Steps 1, 2 & 3. Ask why he needs more time to think about it. It most likely will fall into one or more of the 3 elements.

FACT FINDER FOR CLIENT WITH PRIOR LONG TERM CARE EXPERIENCE

Use this fact finder if the prospect has had a prior experience with long term care.

Note: This assumes there will be few objections in establishing need and what will pay for care. If there are objections go to the first fact finder.

Agent: May I ask, have you had an experience with long term care?

Agent: What happened?

Agent: Who provided the care?

Agent: How long did the illness last?

Agent: Where was the care provided?

If you have had an experience with long term care, follow up with:

Agent: I went through the same thing. I understand what you are going through.

Spend time on developing the impact long term care had on your family.

Agent: Who paid for the care?

Agent: Did the person have enough funds to pay for care?

If yes, ask: When did the family find out that other insurance programs wouldn't pay?

What impact (if any) did it have on the children and their relationship with each other?

Continued on next page

If no, ask: What impact (if any) did applying for Medicaid have?

Agent: Have you thought about who would take care of you?

Agent: Have you thought about the impact providing for your care could have on your retirement portfolio?

Agent: I want to ask you a number of questions so I can begin to put together some ideas on how to establish a plan for long term care.

Agent: Do you believe you are likely to live a long life?

Agent: When you live a long life the chances of needing care increases. Would you agree?

Client agrees he may need care and buys into the point that his illness may have an impact on his family and retirement plan:

Agent: I'd like to ask a couple of basic questions so I begin the process of putting together a plan of care.

Client objects: I appreciate your efforts but I'm not ready to buy. I'm just interested in getting some facts and numbers on long term care insurance

Agent: Insurance is not the issue at this point, planning for the risk of needing long term care is. My concern is that without a plan, your family may be placed in a difficult position providing the care you need and it is likely you may have to invade principal from your retirement portfolio to pay for it.

Do not talk about LTCI. Establish the connection based on your strength – putting together a plan.

Objection: I understand what you are saying. I just want a quote on long term care insurance.

Agent: I can't do that at this time. The product is far too difficult to price until I have more information. I need to ask you a number of questions. The answers will allow me to talk to you not just about the product but about putting together a plan for how you will be taken care of when you do need care. If they had an experience with long term care you can say: Remember that was one of the key problems in your family: The illness in effect ran the show, not the family. Continue.

Agent: What thought have you given to who would help you? Have you discussed this with them?

Objection: I want my children to take care of me, so I don't need long term care insurance.

Agent: I'm not sure you mean that. Very few of my clients expect or want their children to take care of them. Even if they did their children may not have the expertise to provide the type of care they may need.

Prospect states: I don't want my children involved, I'll take care of it by myself.

Agent: Your children may be involved because they love you and want to make sure you are safe. The plan I want to put together recognizes that one or more will be available. It can allow them to provide the care you need and want longer and better at home.

The goal to the extent possible is to have the children involved. Many will make it their point to be there anyway.

Agent: Where would you want your care delivered?

Agent: Here are my thoughts based on your input.

If there is no spouse or children: The option of staying home is limited because there is no infrastructure. Although you may be able to stay home for a period of time (at the beginning of the illness) I suggest you look into assisted care facilities or a continuing care community in the future.

Continued on next page

If there is a spouse but no children: Home care is viable but you should consider how it will be supported given that there are no children to help the well spouse cope. I suggest you consider assisted care facilities or a continuing care retirement community in the future.

If there is one parent and children:

Agent: May I ask, which one of the children will be available to help provide care? It is very important that _____ (name of child) be involved in the process. _____

Agent: At this point, I would like to ask you some financial and family background questions

PERSONAL

Name: _____ Spouse: _____

DOB: _____ DOB: _____

Address: _____

Home phone: _____ Business: _____ Cell; _____

E-mail & fax: _____

Children: _____

Name: _____ Name: _____

Name: _____ Name: _____

Where are they (helps in determining availability to provide care)?:

Relationship with children (helps determine who, if anyone, will provide care and what it will do to his or her relationship with the other siblings):

Grandchildren: _____

Do you have a will? _____ Power of Attorney? _____ Trusts? _____

FINANCIAL

Employment: H: _____ W: _____

Income: H: _____ W: _____

Social security income: H: _____ W: _____

Pension(s): H: _____ W: _____

Other income: _____

Qualified funds: _____

Non-qualified: _____

Stocks & bonds: _____

Investment property: _____

Agent: Do you have a financial advisor?: _____

Agent: I think that it's important for me to speak with him/her if you decide to go forward.

Agent: Most of my clients have established a retirement plan. However few have established a plan for paying for it. The problem is that when care is needed assets and income, otherwise allocated for retirement, may need to be diverted to pay for it. Have you thought about how long term care insurance could help protect your retirement plan?

Objection: I have enough money to pay for my care. (Prospect has modest estate)

Agent: Many of my clients have told me that they have enough money to pay for care. What I find is that they have money to pay for retirement needs. When I look at the portfolio, I find that the plan revolves around not invading assets because of the fear that they may live one day longer than their principal. Many agree that one of the major risks of invading principal is living a long life which leads to the reasonable belief they may need care.

Continued on next page

Objection: I'm wealthy. My financial planner / lawyer / CPA told me I don't need LTCI.

- **Stop. Think. Then ask:** May I ask what he / she said?

Agent: Let's assume for a moment that's the case. I have many clients who can more than cover the cost of long term care. They have also purchased long term care insurance. Here's what I found: Everyone shared two beliefs, that they were very likely to live a long life and that they fully expected to need care. In my experience wealthy individuals will always insure a risk if they believe it will happen to them.

Agent: Are you familiar with long term care insurance?

Agent: How? Let the client tell you what he knows. Most likely it's not comprehensive.

Agent: Many of my clients believe that LTCI will pay for all of their care. That's not the case. As we have discussed, (or you know if the client has had a prior experience) families provide the majority of assistance. LTCI can allow your family to provide the care better and longer by paying professionals to provide the type of care family members (remember children are the primary caregivers) may find the most difficult and embarrassing (never mention ADL assistance unless prospect asks what you mean). This may allow them to keep you at home better and longer.

Agent: Another key function is to help protect your finances so they can be used for the purpose you saved all these years – retirement. It's not much different than life insurance. Like my clients, you purchased the product early in your marriage to create wealth should you die unexpectedly. In later years you likely increased the amount to preserve the retirement portfolio. At retirement most people drop their term insurance. If they had disability insurance it stops anyway. The retirement portfolio is now exposed to the greatest risk of all – living a long life.

Agent: In fact, that is the primary reason my clients purchase LTCI: They want to help preserve their retirement portfolio so it can be used for the purpose they intended, retirement. LTCI allows their plan to execute properly. Otherwise they would have to divert assets and income to pay for care.

Continued on next page

Agent: Your thoughts on the concept?

Objection: It's too expensive.

- One reason this objection comes up is sticker shock created by not spending enough time establishing Steps 1 & 2. Don't assume that the client believes he actually may need long term care.
- The premium may have reflected the actual cost of care. Remember to reduce it by co-insurance from the prospect's discretionary income.

Agent: May I ask why you think it's so expensive?

- Let the prospect help you overcome this objection.

Agent: If I may, I want to suggest that may not be the case. If I can have just a little more of your time I want to have a closer look at your finances. In many instances my clients have enough to contribute towards the cost of their care. Let's look at the potential of your coinsuring the risk based on the numbers.

- Explain that you want the client to insure whatever they can afford: This is insurance and you want to keep the premium expense down.

Agent: Here are some numbers based on the information you have given me.

Agent: Based on your financial information the premium is affordable.

- If the client has a business see the attached Tax Qualified outline.

Agent: Your thoughts?

Objection: I'll think about it.

The objection was raised because not enough time was spent on establishing Steps 1,2 & 3. Ask why he needs more time to think about it. It most likely will fall into one or more of the 3 elements.

Continued on next page

PIVOTING FROM ONE FINANCIAL DISCUSSION TO LONG TERM CARE

This will assist you in segueing from a discussion on another financial matter such as:

- Finishing a discussion on DI or life insurance

Agent: I have to talk to you about the consequences living a long life may have on your family and the retirement portfolio I put together for you.

Objection: I won't live a long life. My dad died at 60.

Agent: Think about this for a moment: You've made me promise that there will be enough to fund your post-retirement lifestyle. In fact I based your retirement plan on living to age _____ (fill in the age range). That tells me you believe you may live a long life. When you live a long life your chances of needing long term care increases.

That's all you need. Go to either one of the other two scenarios.

ADDITIONAL OBJECTIONS

I don't need more insurance right now.

Agent: Insurance is not the issue, planning for the potential of disability is. It's no different than talking about a retirement plan. The retirement plan I put together allocates income and assets for retirement. Various types of insurance protect the plan. My concern is that at retirement it is not protected from the risk all my clients are worried about – living a long life.

- The client is likely to state, "What do you mean?" That opens the door to a discussion of the consequences living a long life has on the family (remember, not individual and the retirement plan).
- Expand the discussion based on the discussion created by the above statement. Do not talk about LTCI. Establish the connection based on your strength – putting together a plan.

Husband states: I won't live long enough to need long term care

Agent: I occasionally hear that from clients. I'm not sure they believe it however because they have made their financial planner promise that they would not have to touch principal when they retire. The fact of the matter is just about everyone believes they may live a long life. It is reasonable to believe that when you do you may need care.

Daughter states: I'll take care of my mother.

The daughter (or son) makes this statement because they believe the parent is being pitched. It's a protective measure.

Never counter the objection with useless factoids about what the stress will do to the child, how she will have to give up her job and life etc.

Agent: I know you will, I want to talk to you about a way you can do it better and longer. In my experience the person who needs care is usually not the issue; he or she may be taking care of his or her family including children. The problem is what providing that care may do to the caregiver(s) and the family's best thought out retirement plan.

Remember children may not want to take care of their parents; they may do so because it is the right thing to do.

LTCI can allow them to provide the care better and longer by paying for the type of care they find most burdensome and embarrassing (toileting, bathing, etc.)

Remember as well, that many children expect or are concerned that they may have to pay for the care out of pocket. This ties in with the issue of invading principal to pay for care.

This statement is an effective way to enlist the child's support. In effect you are getting her "off the hook". You honor her statement about providing care while at the same time give her a way out. The individual becomes your proponent with the added possibility of helping pay for the premium.

Agent: That's why I need to talk to you and your daughter about establishing a plan for being taken care of when you live a long life.

BEST PRACTICES

This section deals with:

- What type of policy: Single, joint or life / LTCI rider
- How much of a daily benefit do you recommend / Coinsuring the risk
- For what period of time
- Elimination period: How long and how does it run
- Inflation Options
- Indemnity, Cash or Reimbursement
- How do you pay for it

Please note this is a summary only. It is intended to refresh you memory of the key points taught in the program.

What type of policy

- A single policy speaks for itself.
- A joint policy is appropriate for couples (married or not, check with your carrier) because of discounts. They may also think that the chance of using the coverage increases dramatically.
- A life with LTCI rider appeals to two types of people.

Those who can't stand the idea of paying for something they may not use

Those who have a substantial build up of cash surrender value. They can probably 1035 the balance into this type of policy.

How much of a daily benefit / coinsuring the risk

- Always take the highest cost of care in your community as a base line of coverage. This should be nursing home care. Home care could be more expensive but few want an aide in their home 24 hours a day. Even if they do, who would coordinate the care? What if someone didn't show up?
- The fact finder will indicate how much investment income the person has. Remember that generally it's left to accumulate. Add this to whatever is left after expenses. The total is the co-insurance.
- Take the highest cost of care and subtract the co-insurance. The number is the daily benefit.
- Recommending that the prospect cover the entire cost is not a good use of insurance dollars: It allows the principal to continue accumulating when the individual needs care.

Continued on next page

The concern is not that an illness threatens continued growth of principal but rather it may force invasion of principal.

How long should the benefit last

A longer benefit period is considered anything more than 5 years. When does recommending a longer period make sense?

- Is there longevity in the family?
- Is there a family history of Alzheimer's or other types of dementia?
- Are there substantial sums of qualified funds? Liquidating them may create a tax. A long term care policy allows the plan put together by a retirement planner to execute properly thus minimizing taxes.

When does recommending a shorter period of time make sense?

- Does the client have the resources to pay for a longer benefit period?
Is there enough money to co-insure a higher amount?

A suggestion:

- A 5-year benefit period may, in effect, be a 6 to 7 year benefit if you recommend a reimbursement-benefit type policy.

Elimination period and how it should run

The elimination period runs one of three ways:

- Calendar: No care is required. At the end of "x" consecutive days of a covered period of care you start receiving benefits;
- Days of service: You only run an elimination day when you have covered care or services;
- Hybrid: The carrier gives you a week if you have one day of covered care

Always go for the shorter period. The client is not putting the claim in, the child is.

Suggestions on inflation protection

- Under 65 (don't dismiss going down to 62 if price is an issue): Compound
- 65 to 75 (don't dismiss going down to 72 if price is an issue): Simple
- Over 75: No inflation, higher daily benefit
- Outside the box: In low cost states consider no inflation for a person in his 50's maxing out the benefit. Maxing benefit with simple rather than compound is also an option.

Indemnity / Cash / Reimbursement

Indemnity policies may pay the daily benefit after one covered service per day. They are useful for:

Covering an uninsured spouse through the insured spouse. Yes, the uninsured spouse has no coverage unless the covered spouse goes on claim but he had no coverage to begin with; Business owners. They think of payment in a DI mode. Reimbursement confuses them; Paying a child to provide care (informal care)

Cash is exactly like indemnity except that you don't have to show any care, simply a plan of care. It's not a cost effective option.

Reimbursement pays up to the daily benefit based on submitted bills. It useful for: Those who have limited funds to pay for the policy; Stretching the benefit period.

Paying for the policy

Few clients want or need to take a minimum distribution from their IRA at 70½. Suggest:

- Clients don't want to take funds out of their IRA. Suggest that they take a portion of the yearly contribution starting at age 60 to pay for the policy. Do an economic analysis of what the return would be on the funds if that were diverted to the premium versus what they are getting in coverage. Insurability for a 60-year-old helps you make the deal.
- Instead of withdrawing the funds to pay for the premium take the premium from funds that would go into the IRA.
- Remember you are also selling insurability.
- Life settlements
- Business owners paying for their parents as illustrated in the course

Continued on next page

- Children contributing towards the cost
- Reverse Mortgages

Agent: Who are your professional advisors (CPA etc)?

Agent: I think the subject is important enough to bring your advisor in.

Agent: Do you mind if I call him?

Explain why.

Genworth Life
Insurance Company
Long Term Care
Insurance Division
6620 West Broad Street
Building 4
Richmond, VA 23230

© 2006

*Genworth Financial, Inc.
All rights reserved.
Genworth,
Genworth Financial
and the Genworth logo
are service marks of
Genworth Financial, Inc.*

*GE is a trademark of the
General Electric Company
and is used with permission.*