



2024 Long-Term Care Insurance AGENT GUIDE

Uncover the keys to a successful long-term care insurance business. From tips for discussing LTCI with clients to an overview of different LTCI policies, this guide will equip you with the insights and strategies you need to excel in the long-term care market.







the
KRAUSE AGENCY

WELCOME TO THE 2024 LTCI AGENT GUIDE

The long-term care industry is constantly evolving. More states are raising awareness for long-term care planning by researching and developing their own legislation for programs to cover long-term care costs instead of relying fully on state-funded Medicaid. In 2023, Washington State became the first to initiate a payroll tax for its state-mandated long-term care program. As more states roll out their own programs, individuals across the country will be seeking a trusted ally to guide them. With your help, they can be better prepared to plan for their future and take on the unique challenges that come with aging.

Incorporating LTCI and long-term care planning into your business will help you:

-  Assist your clients as they develop a plan for their long-term care
-  Enhance your business and boost your revenue
-  Better reach new clients and retain existing clients
-  Grow your referral network by positioning yourself as an expert to other industry professionals

Allow us to do the heavy lifting for you. All you have to do is take the leap.



E-mail

LTCI General Inquiries

ltcsales@thekrauseagency.com

LTCI New Business Support

ltcnewbusiness@thekrauseagency.com

LTCI Contracting

contracting@krause.com

Marketing, Educational Materials, and Events

ltcmarketing@thekrauseagency.com

Agent Access & Online Support

support@thekrauseagency.com



Address

Main Office

1234 Enterprise Drive
De Pere, WI 54115



Operating Hours

7:00 a.m. – 5:00 p.m. CT



Phone

(800) 255-1932



Fax

(805) 683-6313



Chat with Us Live

Start a live chat with one of our friendly staff members at thekrauseagency.com during our standard operating hours.

Not sure where to start?

Book a Discovery Call with one of our in-house advisors to learn how we can best serve you.

thekrauseagency.com/schedule

TABLE OF CONTENTS

01

About The Krause Agency.....	4
Who We Are.....	4
How We Got Here.....	4
Executive Leadership.....	6
Sales	7
Administration & Accounting	9
Marketing	10

02

Products & Services.....	11
Our Products	11
Our Services	13

03

Resources	14
Education and Training	14
Agent Access.....	16
Our LTCI Process.....	17
Our LTCI Advocate Solution	18

04

The Long-Term Care Planning Opportunity....	19
The Rising Need for Long-Term Care.....	19
The Cost of Care	20
Paying for Long-Term Care	20
The Financial Opportunity.....	22

05

How to Incorporate Long-Term Care Planning Into Your Business	23
Pre-Planning for Long-Term Care	24
Building Referrals	25

06

Long-Term Care Insurance.....	26
Traditional Long-Term Care Insurance	28
Asset-Based Long-Term Care Insurance	30
Our LTCI Carriers	30

07

Alternatives to Long-Term Care Insurance.....	31
Short-Term Care Insurance	31
Fixed Index Deferred Annuity With an LTCI Rider	31
True Freedom	32
Worksite LTCI	32

08

Long-Term Care Insurance FAQs.....	33
---	-----------

09

LTCI Strategies	34
Starting the LTCI Conversation	35
Choosing the Right LTCI Policy	35
Tax Breaks and Incentives for LTCI	36
CASE STUDY: Traditional LTCI.....	37
CASE STUDY: Asset-Based LTCI.....	39
CASE STUDY: Business Tax LTCI.....	41

10

Other Payers of Long-Term Care	43
The VA Pension Benefit	43
The Medicaid Program	45

11

Funeral Expense Trusts	47
State Funeral Expense Trust Limits	49

12

Medicare	50
Our Medicare Products	50
Our Medicare Carriers.....	50
Finding the Right Medicare Product for Your Client	51

13

Medicaid Compliant Annuities	52
What is a Medicaid Compliant Annuity?	52
Our MCA Carriers	52
When is an MCA Appropriate?	53
MCA Strategies.....	54

01

CHAPTER 1: About The Krause Agency

Who We Are

We are a national wholesaler of insurance products designed for the senior market. We help agents like you offer meaningful solutions for clients looking to secure their financial future while boosting your revenue in the process. In addition to our products, we provide specialized support and resources to enhance your business and help you stay up to date on everything from changing Medicaid regulations to marketing and prospecting trends.

► When you work with us, you're never working alone.

How We Got Here

Back in the 1980s, our President and CEO, Dale M. Krause, J.D., LL.M., began his career as an estate planning attorney. He became ingrained in a dilemma many financial professionals face: how do I help my clients protect their savings as they age and face a potential long-term care need? His answer was insurance. No matter what stage of the process a client is in, there is an insurance product that can help protect their hard-earned assets.

In January 2015, Dale created The Krause Agency. While the company quickly became a thriving financial services firm, the business was centered around crisis Medicaid planning through the use of





a specialized SPIA product. Through the years, Dale and his team expanded to offer a more well-rounded collection of senior market products.

Although The Krause Agency has always offered long-term care insurance to our agents and their clients, in 2021, we took our commitment to LTCI to the next level by acquiring LTC Solutions—a nationally licensed LTCI specialty firm based out of Cape Coral, Florida. In 2023, we acquired USA-LTC, a California-based brokerage firm that specializes in LTCI, further securing our place as a key player in the long-term care planning industry. Now, our LTCI services are backed by even more experts in the industry, and we have access to all the top LTCI carriers nationwide.

In 2022, we added Medicare products to our ever-growing arsenal as well as a Medicare specialist to provide the training, guidance, and support agents need to offer Medicare products to their clients. Then, in 2023, we added a funeral expense trust and preneed specialist to expand our funeral planning product offerings.

► Simply put, we're better equipped than ever to serve your senior market needs.



Executive Leadership



Dale M. Krause, J.D., LL.M.

President and CEO

Dale founded The Krause Agency over 30 years ago and currently acts as our President and CEO. Originally an estate planning attorney, he developed the first short-term Medicaid Compliant Annuity and used his vast experience to train and advise attorneys, agents, and other professionals on incorporating long-term care planning into their business. Today, Dale focuses his time on developing educational tools and identifying new opportunities for our agents. Dale earned his Juris Doctor from WMU-Cooley Law School and his Master of Laws in Taxation from DePaul College of Law.



Thomas Krause, J.D.

Vice President of Sales and Marketing

As Vice President, Tom plays a primary role in the growth and development of our company. As a co-creator of the short-term Medicaid Compliant Annuity, his industry knowledge runs deep. Tom has a strong foundation in the elder care industry, which he uses to continually enhance the experience of our agents. This includes developing educational resources like Agent Access, improving our websites, and adopting new technologies to create a streamlined sales process. Tom has a bachelor's degree in Economics, and he earned his Juris Doctor from California Western School of Law.



Scott Engstrom, J.D.

Corporate Counsel and COO

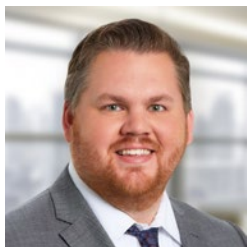
As Chief Operating Officer, Scott works closely with the executive team, department leaders, and other team members to maintain smooth company operations. As Corporate Counsel, he conducts legal research, drafts agreements, and resolves issues relating to litigation, risk management, and compliance. In both roles, Scott aims to facilitate effective and clear communication in order to help the company thrive. Scott has a bachelor's degree in Political Science, and he earned his Juris Doctor from Penn State Law.

Sales



Connie Ashley

Director of Agent Relations



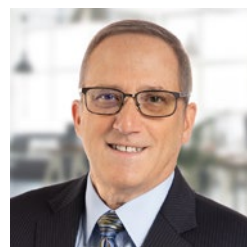
Travis Bitters

Benefits Planner



Denise Fessler

Licensing Specialist



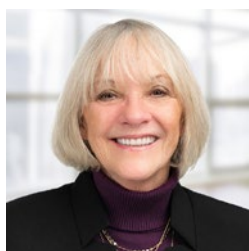
**Don Levin, J.D.,
MPA, CLTC**

*Strategic Relations
Director*



La Rae Mills

*Senior Relationship
Manager*



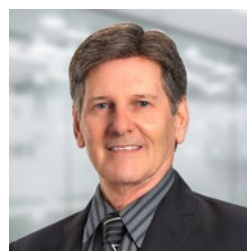
Paula Pike

*Senior Account
Manager*



Kayla Puckett

*Sales and Licensing
Administrator*



Richard Rusoff

Relationship Manager





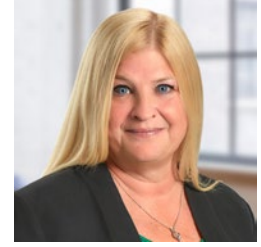
Mary Sizemore
*Sales and Admin
Coordinator*



Ryan Squires
Relationship Manager



**Collin Terry,
MBA, CLTC**
Sales Director



Carolyn Vader
*Senior New Business
Specialist*



**Damon Wenig,
MBA, CFSP**
*National FET and
Preneed Director*



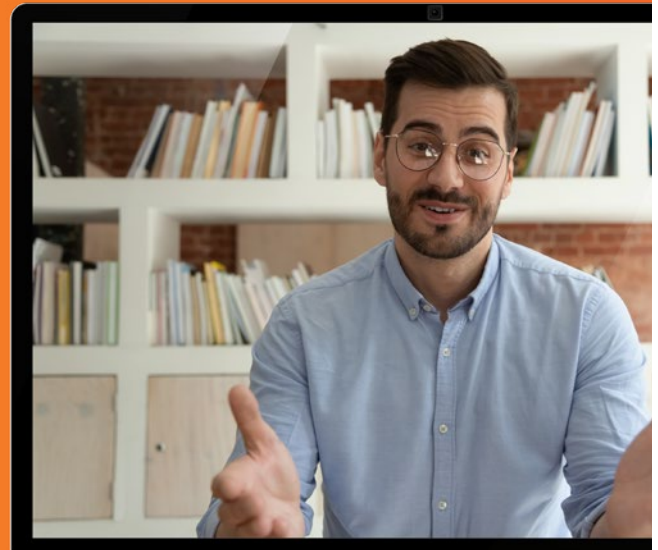
Nate Ziolkowski
Sales Manager

SCHEDULE A DISCOVERY CALL

Not sure where to start? Book a Discovery Call with one of our in-house advisors to learn how we can best serve you. If you're interested in learning more about our products and services and how we can work together, you can connect with a specialist at thekrauseagency.com/schedule.



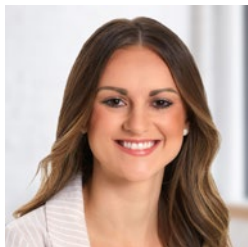
SCAN THE QR
CODE TO BOOK
YOUR FREE CALL!



Administration & Accounting



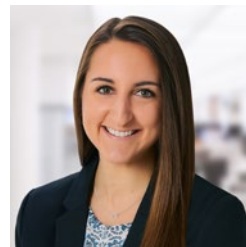
Rachael Capek
*Administrative
Specialist*



Andrea Geyer, MBA
*Administration
Manager*



Denise Krause
*Accounts
Administrator*



Sarah Lippens
*Sales and
Administration
Coordinator*



Cadence Raymond
*Administrative
Specialist*



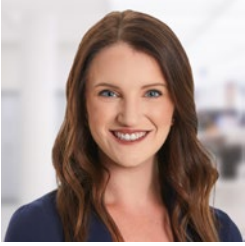
Ellie VanHorn
Corporate Paralegal



Erin Vertin
Accounting Manager



Marketing



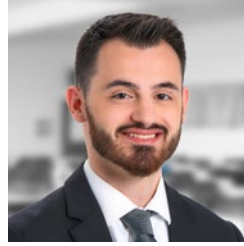
Amy Beacham, MBA

*Marketing and
Communications
Director*



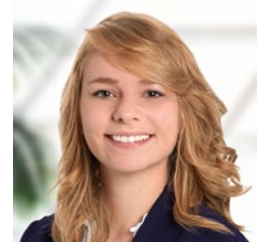
Katie Camann

*Content Marketing
Specialist*



Brandon Eriau

*Senior Web
Developer*



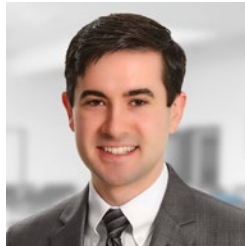
Abby Frank, MBA

Creative Specialist



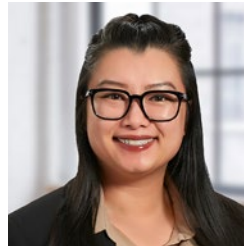
Bri Hemby

*Digital Marketing
Specialist, CRM
Support*



Andrew Krause

*Digital Marketing
Specialist*



Trisha Lor

Marketing Associate



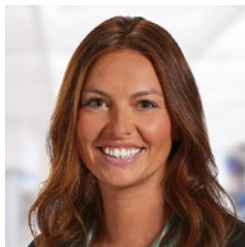
Katie Turner

*Education and Events
Coordinator*



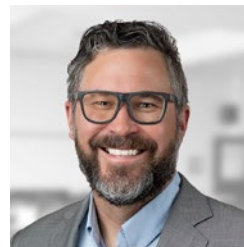
Brian Vogel

*Digital Operations
Director*



Katy Willenbring

*Event Marketing
Coordinator*



Jim Wolverton, J.D.

*Director of Legal
Education*



Learn more about our staff at
thekrauseagency.com/team.

02

CHAPTER 2: Products & Services

Our Products

MEDICAID COMPLIANT ANNUITY

A Medicaid Compliant Annuity (MCA) is a SPIA used in crisis planning that has certain provisions to comply with Medicaid's requirements. An MCA is designed to protect assets and accelerate Medicaid eligibility by converting excess countable resources into an income stream with no cash value.

LONG-TERM CARE INSURANCE

Long-term care insurance (LTCI) is the ultimate pre-planning tool for healthy clients looking to secure their financial future and set aside funds for a long-term care stay. We offer traditional and asset-based policies that can be structured to meet your client's specific circumstances, budget, and projected care needs. LTCI can be customized with a variety of funding options and may include features such as state partnership protection or a guaranteed death benefit.

MEDICARE PRODUCTS

Medicare products and other health policies provide supplemental health coverage for those who are planning for or in retirement as well as for those under the age of 65 who are eligible for Medicare. We offer consultation, certification, training, and case guidance on Medicare products, including Medicare Supplements, Medicare Advantage Plans, Prescription Drug Plans, Critical Illness and Cancer Plans, Hospital Indemnity, Accident plans, and more.

FUNERAL EXPENSE TRUST

A funeral expense trust (FET) is a small whole life insurance policy assigned to a funeral trust controlled by an insurance company. Upon the death of the insured, the funds can be used for their funeral and burial services. Policies below a state-specific limit are exempt for Medicaid purposes.



PRENEED INSURANCE

Preneed insurance consists of a small whole life policy assigned to a specific funeral home used for the policyholder's funeral and related expenses. Changes in assignment can take place before or after death to ensure the transferability of funds to the preferred funeral provider. A growth rate helps to offset inflation and price changes at the time of death.

SHORT-TERM CARE INSURANCE

With simplified underwriting, short-term care insurance offers an alternative for clients looking to pre-plan for care costs associated with a chronic illness. Short-term care insurance offers coverage for individuals up to age 89, whereas traditional LTCI usually cuts off applicants at age 79.

ESTATE TRUST

An estate trust allows individuals to allocate assets into a guaranteed-issue insurance contract with a built-in trust mechanism to help pre-plan for funeral expenses and leave a legacy for their heirs. Upon the owner's death, the benefit amount provides immediate financial liquidity and avoids probate. An estate trust may have a face value up to \$100,000 and is only considered exempt for Medicaid purposes after the 5-year lookback period.

NON-MEDICAID SPIA

A non-Medicaid single premium immediate annuity (SPIA) is a contract funded with a lump sum that begins making payments immediately for a specified period of time, but it does not comply with Medicaid's restrictions. This type of annuity can be used to fund a Personal Services Contract (PSK) in Florida.



SINGLE PREMIUM DEFERRED ANNUITY

A single premium deferred annuity is a traditional insurance contract that is funded with a one-time deposit, and the funds receive a rate of return on a tax-deferred basis. The contract term is often 3 to 10 years, during which time most contracts allow for penalty-free withdrawals of the interest earned, while some allow for up to 15% of the principal to be withdrawn annually. The interest is tax-deferred until it is withdrawn from the contract.

FLEXIBLE PREMIUM DEFERRED ANNUITY

A flexible premium deferred annuity is a traditional insurance contract that can be funded with multiple deposits over a period of time. This annuity earns a rate of return that is tax-deferred until withdrawn. This type of annuity is a great option for individuals who can't afford to invest a lump sum or who are looking to reinvest their annual RMDs.

WHOLE LIFE INSURANCE

A whole life insurance policy is a type of permanent life insurance designed to stay in force until the owner's death. This type of life insurance can be funded with a single premium or recurring premiums. Some whole life insurance policies are guaranteed issue, meaning the owner does not need to qualify medically for the policy. For Medicaid purposes, a small policy with a face value of \$1,500 or less is considered an exempt asset in most states.

REFUSAL LETTERS

Refusal letters are letters from secondary annuity buyers indicating their inability to purchase an annuity due to its restrictive provisions. These letters may be needed to secure a Medicaid Compliant Annuity in some states or demonstrate undue hardship in certain cases involving a non-compliant annuity.



Our Services

LONG-TERM CARE INSURANCE CONSULTATION

Whether you have a pre-planning client or want to learn how LTCI fits into your business, we offer complimentary consultations. We'll provide guidance on the policy options available as well as strategies for choosing the right policy and how it can help when long-term care is needed. If your client chooses to proceed, we'll work with you to secure the purchase and protect your client's financial future.

MEDICARE CONSULTATION

If you're interested in learning more about Medicare products and how they fit into your business, schedule a complimentary Medicare consultation with us. We'll provide guidance on the Medicare products available as well as advice for helping clients choose the right plan for their situation.

CRISIS MEDICAID CASE ANALYSIS

Based on your client's unique case facts, we develop a custom solution using a Medicaid Compliant Annuity. This proposal includes a strategy to accelerate Medicaid eligibility, an annuity recommendation, and the projected economic results of the plan. If your client chooses to proceed, we'll guide you through the annuity application, purchasing process, and issuance of the contract.

MEDICAID PLANNING REFERRAL SERVICE

If you don't have the time to devote to learning crisis Medicaid planning, allow us to help. When you refer a Medicaid planning case to us, we'll pass it along to our strategic partner, and you can rest assured your client is in good hands. Plus, you can decide how involved you want to be AND earn a competitive bonus for the referral.

FAIR HEARING SUPPORT

If your client receives a Medicaid denial due to a product purchased through our office, our in-house attorneys will work with you throughout the fair hearing process. This free service includes a thorough review of your client's denial, support before and during the case, and guidance to help your client gain eligibility for the benefits they deserve.

ANNUITY VALUATION

In crisis planning situations, an existing annuity may impede a client's Medicaid eligibility. In these cases, we will review the contract and determine its fair market value. Then, we will purchase the annuity for cash, allowing your client to pursue crisis planning options. From valuation to sale, the process can take as little as two weeks. **Plus, agents earn a commission on the sale of the annuity.**



Not Sure Where to Begin?

Whether you're looking to take advantage of one of our services, or you have questions about a specific product, schedule a call with one of our in-house advisors. We look forward to hearing from you!

▶▶▶ thekrauseagency.com/schedule

03

CHAPTER 3: Resources

Education and Training

eACADEMY WEBINARS

Our eAcademy webinars provide essential information about a variety of topics associated with long-term care planning and the senior market, including real-life case studies that illustrate popular products and strategies. Each webinar is led by one of our in-house professionals or a trusted guest presenter and concludes with a live Q&A session.

CARRIER WEBINARS

Stay up to date on the products, resources, and services available through our insurance carriers. Throughout the year, we feature a variety of carrier webinars tailored to long-term care planning and the senior market.

▶▶▶ Register for our upcoming webinars at thekrauseagency.com/webinar.



CARRIER ANNOUNCEMENTS

Stay in the know with these important updates from our trusted insurance carriers. In order to get the right information for your business, you can search for a specific carrier or filter announcements by product.

CONSUMER RESOURCES

View flyers, handouts, PowerPoints, and more designed specifically for your target audience. With resources for all our major products, we have the tools you need to explain the value of your offerings to your prospective clients.



VIDEO LIBRARY

Our videos are designed to bolster your growth by breaking down complex topics into straightforward and understandable concepts, providing insight from industry leaders, and taking an in-depth look at marketing strategies for your business.

MARKETING RESOURCES

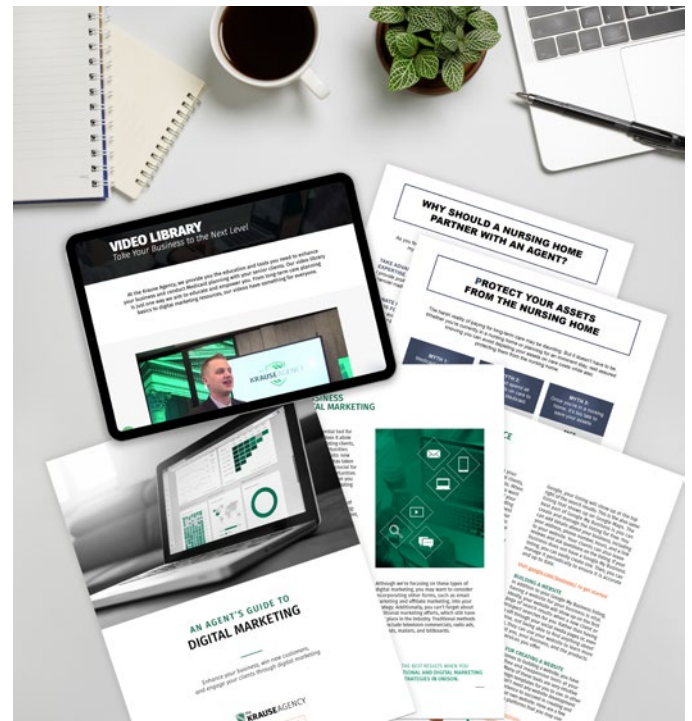
In addition to offering the right products and services, a solid marketing strategy is crucial to achieving success in your business. That's why we provide videos, white papers, blogs, and other resources to help you promote your business online as well as with traditional marketing efforts.

CASE STUDIES

See our most popular planning strategies in action with our comprehensive case studies, which take real-life examples and break them down into easily digestible steps toward a long-term care solution.

BLOGS

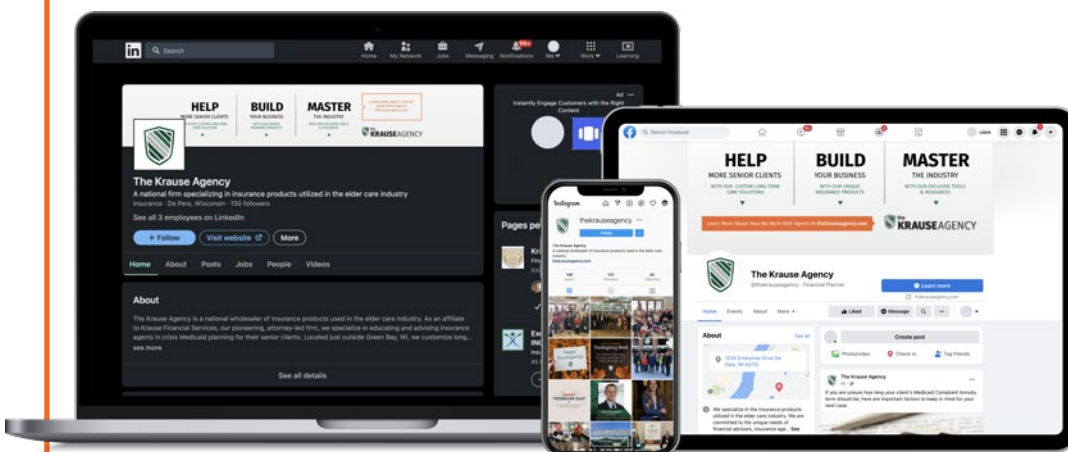
Stay up to date with the latest planning tips, industry updates, and news. Our blogs go in depth on long-term care planning strategies, important issues in the long-term care planning industry, and breaking news relevant to your clients and your business.



SOCIAL MEDIA

Follow The Krause Agency on Facebook, LinkedIn, X, and Instagram for regular updates on the senior market, upcoming webinars, recent blogs, national news, and an inside look at our company culture.

FOLLOW US ON SOCIAL MEDIA!



Agent Access

Agent Access is our exclusive online portal designed to help insurance agents, advisors, and other financial professionals succeed in providing senior market solutions and long-term care products to their clients.

By creating your free account, you get instant access to:

► EXCLUSIVE CONTENT

Take advantage of exclusive content meant to enhance your offering to clients and grow your business in the process. This content includes educational video series, crucial planning updates, and our archive of past webinars.

► MEDICAID RESOURCES

When it comes to crisis planning, it's crucial to stay up to date on Medicaid's rules and regulations. That's why we provide the latest state-specific information, including Medicaid planning figures, your state's Medicaid manual, and relevant legal changes.

► LTCI QUOTING TOOLS

Obtain an online quote for your client's traditional or asset-based long-term care insurance policy. Simply provide a few details about your client's case, get a realistic quote, and walk into your next meeting prepared with a proposal.

► MEDICARE SEARCH & SAVE

Search & Save is your all-encompassing Medicare quoting and client management system for Medicare Supplements, Advantage Plans, and Prescription Drug Plans. This tool simplifies the selling process and helps keep you compliant.

► PERSONALIZED DASHBOARD

Your personalized dashboard features the latest resources from our office, suggested content, educational materials, and important account information. From the dashboard, you can easily request a quote or product assistance from one of our in-house advisors.

EXCLUSIVE CONTENT INCLUDES:



White papers



Consumer Resources

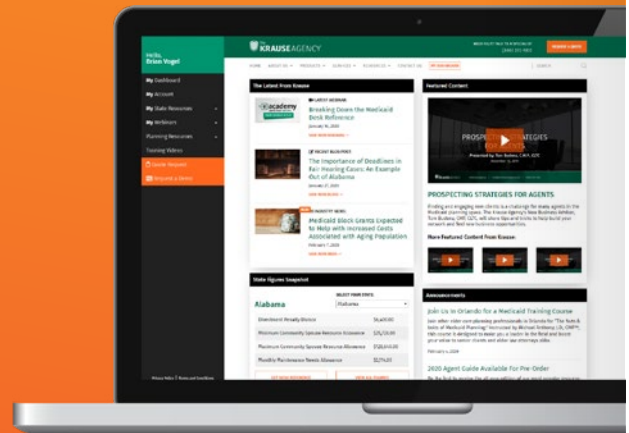


Important announcements



And more!

Visit thekrauseagency.com/start to create your free account today!



Our LTCI Process

If you want to add long-term care insurance to your business, we can help. We offer the tools to educate and empower you, so you can better serve your clients while simultaneously enhancing your business. If you have a client who you think could benefit from LTCI or one of our other unique products, simply contact us to get started.

PLANNING FOR LONG-TERM CARE IS MORE THAN JUST PROVIDING PRODUCTS!

In addition to offering products, we provide tools to help you succeed! We offer the service, support, and education you need to assist your clients as they plan for long-term care. As you develop a plan with your client, we can assist you with product recommendations and increase your bottom line in the process.



We're with you every step of the way.

When you work with us, you're not alone. No question is too small, and no problem is too big for us to handle. We support our agents through every stage of the planning process—we've got you covered from start to finish.

1

START THE LONG-TERM CARE CONVERSATION WITH CLIENTS.

Most clients would rather avoid discussing long-term care. Unfortunately, a majority of them will need some form of care at some point. Make sure you're asking clients about their long-term care plans, so you can help them prepare and find a solution that suits their needs.

2

GATHER INFORMATION ABOUT YOUR CLIENT'S HEALTH AND WEALTH.

After establishing the importance of purchasing an LTCI policy, you'll need to gather some details about your client's health and wealth. This may include their marital status, any chronic health conditions, state of residence, and the sources of their assets and income, such as a pension or 401(k).

3

GET A CUSTOMIZED LONG-TERM CARE SOLUTION.

Once you provide a long-term care insurance intake form with your client's details to our office, we will give you a customized strategy, including a product recommendation for your client and an overview of the projected benefits. We will also complete an anonymous health pre-qualification.

4

COMPLETE, REVIEW, AND SUBMIT THE INSURANCE APPLICATION.

Most LTCI applications can be completed online or via e-application to ensure all required information is provided. Our office reviews all applications to verify the application will flow smoothly through the underwriting process. We will also follow the application through the entire process and continually communicate with you about any missing requirements.

5

SECURE YOUR CLIENT'S ASSETS AND PROTECT THEIR LOVED ONES.

Once your client's policy is issued, they can rest assured their future care needs will be covered, providing them peace of mind as they age. With an LTCI policy, their assets are secured, and their family is protected from the caregiving burden.

Not sure where to begin?

Schedule a Discovery Call with one of our advisors to get your questions answered.

▶▶▶ thekrauseagency.com/schedule

Our LTCI Advocate Solution

TOO BUSY WITH YOUR CORE BUSINESS TO LEARN LTCI? WE HAVE IT COVERED!

Although we offer training and webinars to increase your LTCI knowledge, we understand that some agents and advisors simply don't have time to learn the ins and outs of LTCI. That's where our LTCI Advocates come in.

HOW IT WORKS

One of our advocates will work with both you and your client to develop a long-term care insurance plan, and you can have as much or as little involvement as you choose. Teaming up with an LTCI Advocate allows you to give your clients the attention and service they deserve while you concentrate on your core business.

▶ *Who are the advocates?*

They are nationally recognized industry leaders in long-term care insurance and are committed to helping you and your client put the best solution in place.

▶ *Where are they located?*

Since our advocates work virtually, they can help clients located anywhere in the country.

▶ *Who can they help?*

Insurance agents, CFPs, accountants, financial planners, attorneys, and benefit brokers

To find out more about our LTCI Advocates, contact our office.



04

CHAPTER 4: The Long-Term Care Planning Opportunity

The Rising Need for Long-Term Care

As the Baby Boomer generation continues to age and the population is living longer, the need for long-term care is greater now than ever before. Plus, this year brings the peak of Baby Boomers turning 65, causing an enormous impact on Medicare, Medicaid, and Social Security, as well as our economy and healthcare systems. Needless to say, planning for long-term care continues to be essential. Unfortunately, most people are unaware how expensive long-term care can be.

As an increasing number of individuals are faced with this reality, they'll be searching for guidance and looking for a trusted advisor to help secure their financial future and protect their hard-earned assets.

That's where you come in.



2050

The number of Americans who require long-term care will more than double by 2050.

(Centers for Medicare and Medicaid Services)

2.8 Years

The average projected length of a long-term care event is 2.8 years.

(U.S. Department of Health and Human Services)

The Cost of Care

\$

IN-HOME CARE

Average Cost: \$4,640 per month*
(\$29/hour, 40 hours/week)

+

Regular support from a professional caregiver

+

Maintain a level of independence in their own home

Ideally, most seniors want to remain at home for as long as possible. While some are able to do so, others may eventually require more hands-on care at an assisted living facility or nursing home.

\$

ASSISTED LIVING

Average Cost: \$5,095 per month* (1 bedroom)

+

Blend full-time care with a level of autonomy

+

Assistance with some daily activities

An assisted living facility is a great option for seniors who can no longer live at home but desire to maintain some independence. As they age, however, they may need a higher level of care.

\$

NURSING HOME

Average Cost: \$7,908 per month*
(Semi-private room)

+

Round-the-clock nursing care and support

+

Assistance with Activities of Daily Living (ADLs)

As their health deteriorates and they require more hands-on support, many seniors require nursing home care. Fortunately, you can help them protect their life savings from the high cost.

* illumifin 2022 Cost of Care Study, March 2023

Paying for Long-Term Care

Source	Percentage
Medicaid	44.3%
Other Public	27.1%
Out of Pocket	20.6%
Private Insurance	8%

Source: CRS analysis of National Health Expenditure Account (NHEA) data obtained from the Centers for Medicare & Medicaid Services, Office of the Actuary, prepared November 2022.

PRIVATE INSURANCE [8%]

Some private insurance programs offer long-term care support, but long-term care insurance (LTCI) is responsible for most of this coverage. LTCI policies can be customized to fit each situation, and benefits can cover any type of facility. The key is seniors must purchase LTCI while they're still healthy.

💡

WHAT ARE ACTIVITIES OF DAILY LIVING?

+

Eating

+

Bathing

+

Dressing

+

Toileting

+

Transferring

+

Continence

20

CHAPTER 4 | The Long-Term Care Planning Opportunity



OUT OF POCKET [20.6%]

Many seniors are unprepared for a long-term care stay and end up paying the bill out of their own pocket. While this option may be feasible for individuals with a high net worth, the unfortunate reality is many of them will deplete their entire life savings within one year of entering a nursing home.

OTHER PUBLIC [27.1%]

Medicare, Veterans Affairs (VA), and other public programs may cover a portion of a long-term care stay but only in specific situations and only for qualified individuals. This also includes federal COVID-19 pandemic assistance. These public funds are typically not enough to cover the entire bill, requiring many seniors to find additional coverage.

▶▶▶ [Learn more about the VA Pension Benefit on page 43.](#)



“Other Public” includes Medicare coverage for temporary post-acute care in a skilled nursing facility, which is one of the only instances where Medicare covers a long-term care stay.



BATTLING THE MISCONCEPTIONS OF MEDICAID VS. MEDICARE

Unfortunately, many seniors believe the misconception that Medicare pays for long-term care. In reality, Medicare will only cover skilled nursing care in a rehabilitative setting after a qualifying hospital stay of at least three days. Plus, the coverage is temporary. Medicare only offers full coverage for 20 days and partial coverage for 80 additional days (\$204/day in 2024), which only applies if the patient continues to qualify under the rehabilitative category during the 100-day benefit period.

MEDICAID [44.3%]

Medicaid is the largest payer of long-term care. It covers the cost of an individual's custodial care in a nursing home, including room and board, pharmacy, and incidentals. However, in order to qualify for benefits, applicants must meet certain financial and non-financial criteria.

▶▶▶ [Learn more about the Medicaid program on page 45.](#)

Planning for long-term care can be confusing, and more seniors are seeking a professional they can trust to help navigate this stage of life. The opportunity for long-term care planning has never been greater.

Are you taking advantage of it?

▶ **If you're looking to grow your business and reach more clients in need, now is the best time to dive into long-term care and the senior market.**

The Financial Opportunity

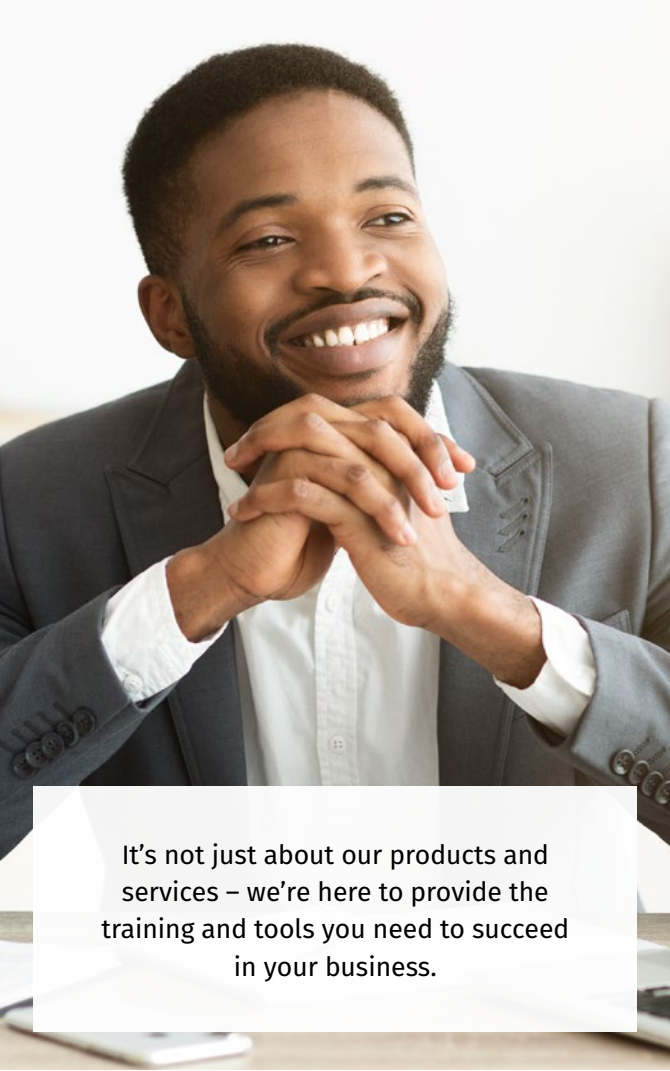
As the need for long-term care continues to increase, so does your opportunity for financial growth. When you work with us, you get access to unique products and services to enhance your business, boost your revenue, and help your senior clients achieve peace of mind as they age. Plus, we'll be with you every step of the way, supporting you through the entire process.

AN ARSENAL OF PRODUCTS

No matter your client's financial situation or what stage of life they're in, we offer a diverse selection of products designed to help them preserve their assets for the future. Beyond long-term care products, we also offer retirement investment products and healthcare coverage that can benefit clients of any age.

COMMISSIONS

Commissions are key to succeeding in the insurance business. Fortunately, you can earn competitive commissions on many of our products, including long-term care insurance, funeral expense trusts, Medicare products, tax-deferred annuities, and Medicaid Compliant Annuities. The commission amount is dependent on the insurance carrier as well as the agent's level of experience.



It's not just about our products and services – we're here to provide the training and tools you need to succeed in your business.

54%

By 2029, 54% of seniors will not have enough financial resources to pay for long-term care.

(Health Affairs)

60%

Roughly 60% of residents will transition from assisted living to a skilled nursing facility.

(National Center for Assisted Living)

► Earn competitive commissions on long-term care insurance, funeral expense trusts, Medicare products, and other products.

Understanding the need for long-term care and the financial opportunity associated with it is just the beginning. Are you ready to take the first step and add this essential service to your business? If you're feeling a bit overwhelmed, don't worry. Although there's a lot of information for you to understand and keep up with, we're here to support both you and your clients through the entire process.

05

CHAPTER 5:

How to Incorporate Long-Term Care Planning Into Your Business

Incorporating Long-Term Care Planning into Your Business

Whether you're new to the senior market or looking to expand your business, long-term care planning offers an essential opportunity. Not sure where to begin? Let us help!

IT ALL STARTS WITH THE RIGHT EDUCATION AND TRAINING

To ensure you have the information you need to understand the products and strategies used in the senior market, we provide resources and tools to educate you along the way. In addition to this comprehensive guide, we provide live and on-demand webinars, educational videos and interviews, email newsletters, white papers, and blogs covering a wide variety of planning topics.



Our annual Agent Guides



Live and on-demand webinars



Educational videos & interviews



Email newsletters



White papers



Blogs



ARE YOU LICENSED TO SELL LONG-TERM CARE INSURANCE?

In order to take on long-term care planning and sell LTCI, you must hold up-to-date Life and Health Insurance licenses in all states where you sell. Most states require an initial 8-hour course with renewal courses every two years thereafter.

Some states have additional state-specific continuing education requirements. Certain products also require additional training and certifications. Our licensing team is well-versed in the requirements for each state and carrier.

For more information regarding the licensing regulations in your state, contact our office or email directly to contracting@krause.com.



OBTAIN YOUR CERTIFICATION FOR LONG-TERM CARE

Although not required, you can take your expertise to the next level by obtaining your Certification for Long-Term Care (CLTC). This designation provides an extra boost to you and your business and may entice new clients seeking long-term care planning services.

Visit ltc-cltc.com for more information.

Pre-Planning for Long-Term Care

Planning ahead for long-term care takes a lot of foresight. But the reality is most individuals believe they will never need care, or they assume their loved ones will care for them. That’s why the onus is on advisors and agents to have these conversations with clients and encourage them to start the long-term care planning process early. After all, pre-planning is the best way to ensure your clients have the resources they need and the flexibility they desire without placing an undue liability on their loved ones.

With pre-planning, you can help your clients develop a long-term care plan and put asset protection strategies into motion well before they require care. In order to take advantage of most pre-planning strategies, however, clients must be relatively young and healthy.

PRE-PLANNING VS. CRISIS PLANNING

Unlike pre-planning, crisis planning takes place when there is an immediate care need, and the individual either failed to plan ahead or has exhausted other benefits. Crisis planning involves rearranging assets to accelerate Medicaid eligibility and preserve savings.

50% More than 50% of the U.S. population turning 65 today is expected to require long-term care.

(U.S. Department of Health and Human Services)



Pre-planning is appropriate for individuals who:

- + Are in fairly good health
- + Are concerned about long-term care costs down the road
- + Are interested in protecting their assets for the next generation
- + Own assets exceeding Medicaid’s limitations
- + Would like flexibility as to where they receive care



Crisis planning is appropriate for individuals who:

- + Are already in a nursing home or about to enter one
- + Are not expected to return home
- + Are not on their immediate deathbed
- + Have exhausted all their Medicare or LTCI benefits
- + Are paying out of pocket for care

THE IMPORTANCE OF PRE-PLANNING

In addition to preserving their nest egg, pre-planning provides clients with peace of mind as they age. With a long-term care plan in place, they can rest easy knowing they're prepared, and the concern no longer burdens their loved ones, who may have otherwise been responsible for providing care or developing a long-term care plan for them.

Additionally, pre-planning offers more flexibility for clients to receive care at home or in an assisted living facility, allowing them to maintain their independence for longer.

WHERE DO WE COME IN?

No matter their situation, we offer solutions to protect your client's assets and provide financial relief from a long-term care stay. We thrive on creating customized approaches to fulfill your client's needs that work in tandem with the services you provide as an agent.

► Let's work together through this process.



WHAT ABOUT LONG-TERM CARE PLANNING RESOURCES FOR ATTORNEYS?

If you're working with an attorney who isn't familiar with the long-term care planning process, we have training and resources specifically geared toward legal professionals. Contact our team to learn more.

Building Referrals

The most successful agents are experts at building relationships with the right individuals and leveraging those relationships into referrals. The key is recognizing who your ideal prospect is and pursuing the appropriate opportunities to reach them. Here are some essential referral sources you can use to create a steady influx of business and ensure you're the go-to senior market agent in your area.



CPAS AND FINANCIAL ADVISORS

Partnering with your peers in the financial space allows you to reach individuals who are already seeking financial guidance. Joining local professional groups and attending industry events can help you connect with likeminded professionals whose clients may benefit from your services.



DOCTORS' OFFICES

A sudden health event or diagnosis can cause anyone to reevaluate their future plans. Reach out to local doctors' offices and let them know about the products and services you offer that may benefit their patients facing financial uncertainty.



PROFESSIONAL ASSOCIATIONS

Joining professional associations opens the door to a world of connections in the financial space. Not to mention, being a part of these groups can indicate an extra level of authority in the industry, meaning clients and prospects may be more likely to trust you.



ATTORNEYS

The senior market involves both financial and legal matters. Therefore, it's crucial to have a well-informed elder law attorney in your corner. An attorney can also serve as one of your biggest sources of business as long as you have established a level of trust, commitment, and knowledge of the industry.

06

CHAPTER 6: Long-Term Care Insurance

Long-Term Care Insurance

Long-term care insurance (LTCI) is the ultimate pre-planning tool for healthy clients looking to secure their financial future in retirement and set aside funds for a long-term care crisis. LTCI provides coverage in the event a person requires professional care and allows for flexibility in choosing the type of care they receive and where they receive it. LTCI policies may cover home health care (including home modifications, such as wheelchair ramps and grab bars), assisted living, adult day care, memory care, hospice, and a skilled nursing facility.

We offer traditional and asset-based LTCI policies that can be structured to meet your client's specific circumstances, budget, and projected care needs.

BENEFITS OF LTCI

Long-term care insurance remains one of the most affordable pre-planning tools to protect your client against the risk of dependency. In addition to providing coverage in most care settings, most LTCI policies also include a care coordinator provided by the carrier. The care coordinator can advise a plan of care specifically designed for the policyholder's limitations and needs. As licensed Registered Nurses, care coordinators will arrange for and monitor your clients' care periodically to ensure their care needs are being met.

Our policies can be customized with a variety of funding options and may include features such as state partnership protection and a guaranteed death benefit. Other features include benefit dollars for home modifications and medical alert systems. These elements enable the policyholder to remain at home longer rather than moving to a facility.

On top of safeguarding assets from paying out of pocket for care, LTCI also protects the policyholder's loved ones from being full-time caregivers. Their loved ones can manage their care rather than be fully responsible for it. Needless to say, LTCI provides peace of mind for both clients and their loved ones.

► **Protect your clients and increase your revenue with LTCI.**

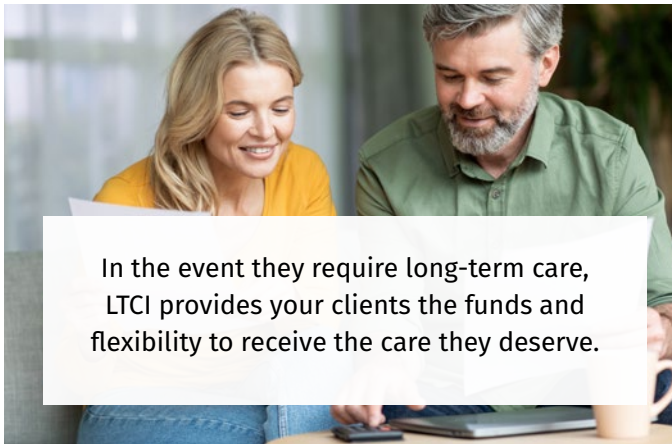


SO, WHAT'S THE CATCH?

Well, LTCI must be purchased when the individual is healthy before they require long-term care. Unfortunately, many people fail to plan ahead. That's why we highly recommend discussing long-term care insurance with your younger clients and encouraging them to consider their future plans.

A NEW OUTLOOK ON RETIREMENT AND AGING

Although a health crisis can strike at any time, older adults have come to recognize the growing probability of falling ill and requiring long-term care. In addition to these health concerns, many of your clients may currently be dealing with financial distress as well. This presents a great opportunity for you to discuss long-term care insurance with them, since it can help alleviate both of these fears.



In the event they require long-term care, LTCI provides your clients the funds and flexibility to receive the care they deserve.

Is LTCI Right for Your Client?

Since long-term care Insurance must be purchased when an individual is healthy, it can be challenging to determine if your client is a good candidate. If you're not sure whether LTCI is right for your client, ask them the following questions:

- ? Have you ever been prescribed a handicap sticker?
- ? Do you require help with any Activities of Daily Living (ADLs)?
- ? Have you ever been diagnosed with AIDS, HIV, or ARC disorders?
- ? Have you ever been diagnosed with or presented symptoms of Alzheimer's disease, dementia, memory loss, multiple sclerosis, muscular dystrophy, ALS (Lou Gehrig's disease), or Parkinson's disease?
- ? Are you incapable of walking four blocks or climbing two flights of stairs?

If your client answered, "No," to these questions, they may be a good candidate for LTCI.



WE OFFER COMPLIMENTARY PRE-SCREENING

Don't let the fear of being declined for coverage prevent your client from exploring LTCI. We provide complimentary and anonymous pre-screening to determine whether your client would likely qualify for a policy. If they are a good candidate, they can proceed with confidence through the qualification process. If not, we will advise on this up front and provide information about the other options available to save them from the high cost of long-term care.



SPECIALISTS ON YOUR SIDE

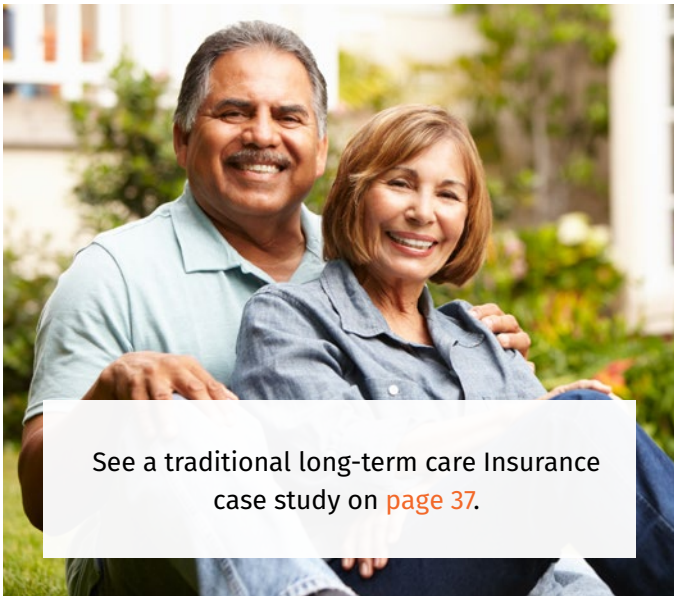
We've always offered long-term care insurance to our agents and their clients, but in 2021, we took our commitment to LTCI to the next level by acquiring LTC Solutions—a nationally licensed LTCI specialty firm based out of Cape Coral, Florida. This means our LTCI services are backed by even more experts in the industry, and we have access to all the top carriers of the product. Simply put, we're better equipped than ever to serve your LTCI needs.



Traditional Long-Term Care Insurance

Traditional LTCI is a tax-qualified insurance policy that functions like a typical insurance policy where the owner pays regular premiums in exchange for future benefits. Each policy can be tailored to a client’s specific premium tolerance and projected needs. Traditional LTCI does not hold cash value, so it may be a viable option for a healthy community spouse whose partner is seeking Medicaid benefits.

Discounts are available for partners or married couples as well as for those with preferred health status. The issue ages for traditional LTCI vary among our carrier partners, but policies are typically available for individuals aged 18 to 79. Since LTCI policies are portable, your client can use their policy anywhere in the U.S. regardless of the state in which they originally purchased it. Certain carriers also offer international LTCI coverage.



See a traditional long-term care Insurance case study on [page 37](#).

STATE PARTNERSHIP PROTECTION

Traditional LTCI is also eligible for state partnership protection, which is available in most states. In the event they exhaust all their LTCI benefits and pursue Medicaid eligibility, the amount of policy benefits paid on their behalf will be exempt from Medicaid in addition to their normal resource allowance, allowing them to preserve additional assets. Reciprocity of state partnership protection varies by state. In order for your client to be

- able to utilize state partnership benefits in a different state from where they purchased their LTCI policy:
- ▶ Both states must offer partnership protection.
 - ▶ The policyholder must meet the requirements for the partnership program in the state where they apply for long-term care Medicaid benefits.
 - ▶ They must meet the Medicaid eligibility requirements in that state.
 - ▶ The two states must have a reciprocal agreement, which allows a policyholder in one state to move to another state and still receive asset protection.

Which States Have Approved LTCI Partnership?		
State	Effective Date ¹	Policy Reciprocity ²
Alabama	Available	Yes
Alaska	Not Available	—
Arizona	Available	Yes
Arkansas	Available	Yes
California	Original Partnership	No
Colorado	Available	Yes
Connecticut	Original Partnership	Yes
Delaware	Available	Yes
District of Columbia	Not Available	—
Florida	Available	Yes
Georgia	Available	Yes
Hawaii	Not Available	—
Idaho	Available	Yes

Which States Have Approved LTCI Partnership?		
State	Effective Date ¹	Policy Reciprocity ²
Illinois	Available	Yes
Indiana	Original Partnership	Yes
Iowa	Available	Yes
Kansas	Available	Yes
Kentucky	Available	Yes
Louisiana	Available	Yes
Maine	Available	Yes
Maryland	Available	Yes
Massachusetts	Not Available	—
Michigan	Available	Yes
Minnesota	Available	Yes
Mississippi	Not Available	—
Missouri	Available	Yes
Montana	Available	Yes
Nebraska	Available	Yes
Nevada	Available	Yes
New Hampshire	Available	Yes
New Jersey	Available	Yes
New Mexico	Available	Yes
New York	Original Partnership	Yes
North Carolina	Available	Yes
North Dakota	Available	Yes

Which States Have Approved LTCI Partnership?		
State	Effective Date ¹	Policy Reciprocity ²
Ohio	Available	Yes
Oklahoma	Available	Yes
Oregon	Available	Yes
Pennsylvania	Available	Yes
Puerto Rico	Available	Yes
Rhode Island	Available	Yes
South Carolina	Available	Yes
South Dakota	Available	Yes
Tennessee	Available	Yes
Texas	Available	Yes
Utah	Not Available	—
Vermont	Not Available	—
Virginia	Available	Yes
Washington	Available	Yes
West Virginia	Available	Yes
Wisconsin	Available	Yes
Wyoming	Available	Yes

Data Sources: Long-Term Care Partnership Program Overview & Training Requirements Guide, Mutual of Omaha, 2022; Long-Term Care Insurance Partnership Plans, American Association for Long-Term Care Insurance, March 2014; EssentialLTC Product Feature Availability, NGL

¹Original Partnership indicates one of the four original partnership states.

²Policy Reciprocity indicates whether the state will honor partnership policies from other DRA partnership states when it comes to allowing asset disregard when filing for Medicaid. All DRA states plus New York, Indiana, and Connecticut have reciprocity. California does not.

Asset-Based Long-Term Care Insurance

Asset-based long-term care insurance, also known as hybrid or linked benefit LTCI, consists of a life insurance or annuity contract with long-term care benefits attached. This type of policy can be funded with a single premium or recurring payments. Each policy can be tailored to a client's specific premium tolerance and projected needs. Plus, recurring premiums of asset-based LTCI policies remain level throughout the life of the policy, meaning the insurance carrier will not increase premiums. The main difference between traditional and asset-based LTCI is this policy has cash value that continues to grow.

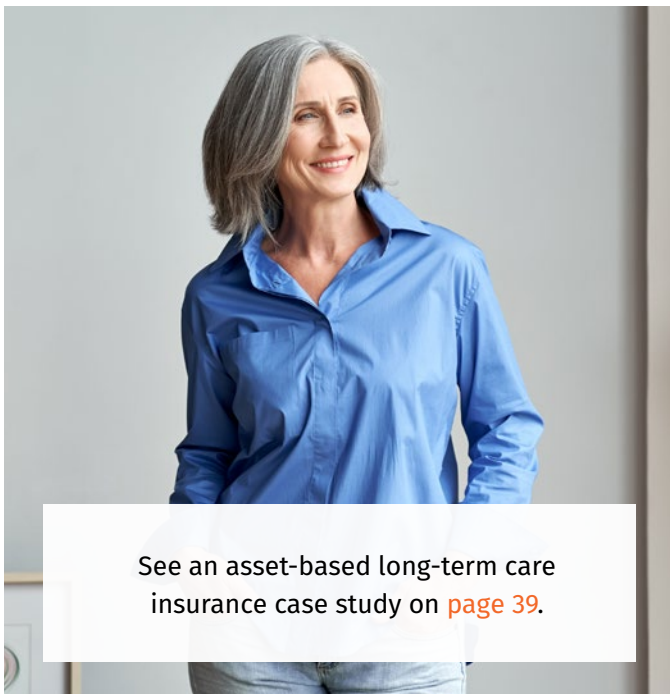
The issue ages for asset-based LTCI vary among our carrier partners, but policies are typically available for individuals aged 30 to 80.

GUARANTEED DEATH BENEFIT

Asset-based LTCI counteracts the old “use it or lose it” mentality that used to accompany LTCI. If your client never requires care, rather than losing the premium amount to the insurance company, policyholders can opt for a guaranteed death benefit for their intended heir(s). The death benefit is typically reduced dollar-for-dollar for any benefits paid on their behalf.

Whether you'd like to discuss a specific case, or you simply want to learn more about how we work together, schedule a time to speak about LTCI with one of our team members.

▶▶▶ thekrauseagency.com/ltc



See an asset-based long-term care insurance case study on [page 39](#).

TAX-DEFERRED GROWTH

Asset-based LTCI earns growth on a tax-deferred basis, so your client can receive a return on investment. Then, if they require long-term care, they can access the proceeds tax-free. Your client can also fund the policy with an existing deferred annuity, and any gain recognized on that annuity can also be used tax-free in a long-term care situation.

Our LTCI Carriers



07

CHAPTER 7: Alternatives to Long-Term Care Insurance

Due to age, health conditions, or budget, long-term care insurance may not be a perfect strategy for every client. That's why we offer alternative products designed to help your clients plan ahead for the high cost of long-term care. These include short-term care insurance, fixed-indexed deferred annuities with an LTCI rider, True Freedom, and worksite LTCI.

Short-Term Care Insurance

When applying for traditional LTCI, almost 40% of individuals between ages 66 and 69 and more than 45% of those over age 70 are declined coverage. With simplified underwriting, short-term care is an alternative for clients looking to pre-plan for care costs associated with a chronic illness. Additionally, short-term care offers coverage for individuals up to age 89, whereas traditional LTCI usually cuts off applicants at age 79.

Short-term care insurance offers a shorter benefit duration (typically one year or less), which ensures premiums are more affordable than a traditional long-term care insurance policy. While some LTCI claims last for many years, approximately half of all long-term care insurance claims are for less than one year of care. In these cases, short-term care would be an ideal alternative.

Short-term care policies are flexible and typically cover care in the home, assisted living facilities, and skilled nursing homes. Policies can also be designed to meet your client's needs and premium tolerance. The only significant downside is that short-term care insurance is not available in every state.

▶ Short-term care offers simplified underwriting and more affordable premiums than LTCI.

Fixed-Indexed Deferred Annuity With an LTCI Rider

Clients with significant chronic health conditions may benefit from using this guaranteed issue product, since they can qualify without underwriting. If your client does complete a simple underwriting process, they may qualify for additional benefits beyond those offered under the guaranteed issue criteria. For instance, a recent client with Parkinson's disease applied and was approved at the Preferred rate.

This policy is available to clients between ages 55 and 80, depending on their resident state, with a minimum premium of \$50,000. While the guaranteed issue aspect of the policy is attractive, it is a competitive option for your healthy clients as well.

▶ A fixed-indexed deferred annuity with an LTCI rider is an ideal alternative for clients with significant chronic health conditions.

True Freedom

True Freedom is a nationwide home health care services option with no age limit or medical underwriting. It is a contract that provides a maximum number of lifetime agency hours to be used for assistance with activities of daily living, meal preparation, housekeeping, transportation to doctors' appointments, and more. Individuals can choose from four plan designs with a couple's discount for those who apply together.

▶ True Freedom offers home health care services with no age limit or underwriting.

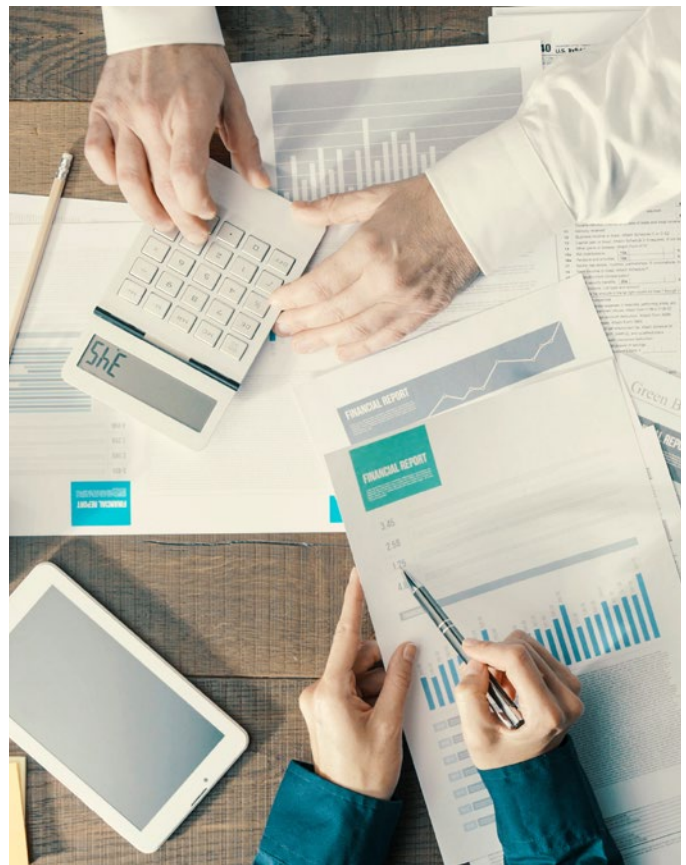
Worksite LTCI

Business owners are seeking new ways to stand out from their competition and preserve the time, effort, and expense it takes to train new employees. As a result, employers have begun offering more innovative benefits to both new and tenured employees. Long-term care insurance carriers have risen to the challenge by offering more options for the worksite market. Certain carriers offer underwriting concessions, such as streamlined or simplified issue, depending on the demographics of the group.

Offering LTCI as an employer-paid or voluntary benefit can help increase employee loyalty and attract new hires. Employers (including non-profits) who pay some or all of a non-owner employee's LTCI premium may deduct the expense. The employer can also deduct the long-term care insurance premium paid for a spouse or other tax dependent of the employee. There is no limit to the amount of premium an employer can pay and deduct, and premiums paid by an employer are excluded from the employee's gross income. This applies to any business entity as long as the employer is paying for a non-owner employee.

▶ Worksite LTCI allows businesses to stand out from the competition and take advantage of tax deductions.

For detailed federal and state tax breaks and incentives for LTCI, download our comprehensive guide. Visit thekrauseagency.com/lhci-tax-guide or scan the QR code.



08

CHAPTER 8: Long-Term Care Insurance FAQs

WHAT IS REQUIRED TO WRITE LONG-TERM CARE INSURANCE?

All writing agents must hold an active Health & Life Insurance License in the state they are writing along with any state certification courses. Most states require an initial 8-hour course with renewal courses every two years thereafter. Some states have additional state-specific continuing education requirements. Certain products also require additional training and certifications. Our licensing team is well-versed in the requirements for each state and carrier. For more information regarding the licensing regulations in your state, contact our office or email directly to contracting@krause.com.

You need to be appointed by the carrier(s) you will be writing. In many cases, the appointment contract paperwork can be submitted with the piece of business, but some require the carrier appointment prior to submitting business. It's best to contact our office prior to writing an application so we can verify your contracting requirements. We will guide you on what is required for your specific situation.

DO YOU OFFER TRAINING?

At The Krause Agency, we provide periodic webinar trainings on long-term care insurance. Some are presented with our carrier partners, while others are done by our in-house experts. We also work side-by-side with advisors to make sure you have all the tools and resources you need to be successful. We do not offer the certification course, but we can provide you a discount through an online training site called WebCE.

ARE THERE PRODUCTION REQUIREMENTS?

While appointments are terminated after a certain period of time with no new business, you only need one policy to get started, get paid, and become vested directly with the carrier.

ARE YOU AVAILABLE TO ASSIST ME WITH MARKETING AND PROSPECTING?

Yes, we can provide tips and pointers on prospecting and guide you toward a variety of marketing strategies. Periodically, we also have webinars on basic and general marketing for advisors. Ask our Relationship Managers for more information on where to find these resources.

HOW DO I GET PAID? CAN I SPLIT COMMISSIONS?

In most situations, you are paid directly by the carrier, and you can split commissions with most LTCI carriers and products.

DO YOU PROVIDE LEADS TO ADVISORS?

Periodically, we have leads available to advisors that meet specific criteria. Contact us for more information.

IF I DON'T WANT TO WRITE THE BUSINESS FOR MY CLIENTS, WILL YOU WORK WITH MY CLIENT AND WRITE THE BUSINESS?

Yes, we have a team of LTCI Advocates that would be happy to assist your clients. They can fully write the business for the case, and you can be involved as much or as little as you prefer.

▶▶▶ [Learn more about our LTCI Advocate solution on page 18.](#)

09

CHAPTER 9: Long-Term Care Insurance Strategies

Beyond LTCI as a product, it's crucial for you to understand the strategies of selling LTCI. What motivates clients to purchase LTCI? What's the best age to have the LTCI discussion? How can you help clients choose the right policy for them? Getting answers to these questions will bring you another step closer to success in the LTCI market.

MOTIVATORS FOR PURCHASING LTCI

The primary reasons your clients may be considering long-term care insurance include protecting assets, achieving peace of mind, and avoiding being a burden on their loved ones. More than half of policyholders are motivated to purchase LTCI because they have provided care for someone with a chronic illness or disability, so they understand the emotional, physical, and financial toll of providing long-term care for a loved one.



WOMEN AND LTCI

Although anyone can benefit from purchasing LTCI, the reality is women live longer than men, and they are more likely to require long-term care. Because of their longevity, women are also more likely to be single later in life. Without the support of a spouse or partner, their odds of needing professional care increase. In fact, 70% of nursing home residents are women. Additionally, women tend to be at a financial disadvantage compared to men due to taking time off to raise children, working part time, and experiencing the gender pay gap. Not to mention, women generally take on the responsibility of providing informal care to their loved ones. For all these reasons, it's especially important to discuss LTCI with your female clients.

WHO PURCHASES LTCI?



Parents or Married Couples

To avoid burdening their spouse or children



Women

Who recognize they have a longer life expectancy



Business Owners

To benefit from tax advantages



High Net Worth Individuals

To protect their legacy



Single Individuals or Those Without Children

Who have limited options for other caregivers

Starting the LTCI Conversation

When?	How?
When it comes to purchasing long-term care insurance, the earlier the better. After all, younger clients are more likely to qualify for a policy and can take advantage of lower rates. While the LTCI conversation may seem most natural to have with middle-aged clients who are planning for retirement, the discussion can start with even younger clients who have assets to protect.	Ask clients how they envision their retirement years and discuss how a care need would impact those plans. Ask them to consider who would provide care for them and where they would like to receive care. Ask your clients if they know how much long-term care costs and how they would fund their care needs. In most cases, these inquiries will lead to a productive conversation about the importance of LTCI.



Millennials are one of the fastest growing generations to be affected by caregiving responsibilities for a parent or another loved one. As a result, many of them are looking to be proactive by planning for their own long-term care.

Choosing the Right LTCI Policy

Since LTCI can be customized to your client's specific goals and necessities, there isn't a cookie-cutter plan or policy design for every client. Instead, we take into consideration your client's health, wealth, and care preferences when determining which type of policy to pursue. Ask your client the following questions to get a better understanding of the right LTCI policy for them:

- + Tell me about your health. Are you taking any medications? Have you had any medical procedures in the last 10 years? Do you have a family history of dementia?
- + Do you have prior experience as a caregiver to a loved one? If so, what was that situation like?

Were you the primary caregiver? Which tasks were the most difficult?

- + Where would you like to receive long-term care? In your home? At an assisted living facility? In your child's home?
- + Do you have family or other loved ones living within 25 miles of your home? If so, are they physically able to assist with your care? If not, will you be moving closer to family if you need care? Tell me about your assets and income. Do you have a pension or IRA? Do you have an annuity or life insurance policy that has gained value?

- +** Do you have plans for the money you have saved? For instance, are you planning to use it for vacation property, hobbies, or travel?
- +** Is it important that you bequeath assets to your loved ones or a beloved charity?
- +** Do you have a budget in mind for long-term care insurance premiums?

Having the answers to these questions will provide essential information regarding the type of policy and options that best suit your client.

► **There is no cookie-cutter policy design for LTCI. Each policy can be tailored to your client’s specific goals and needs.**

Tax Breaks and Incentives for LTCI

In addition to protecting assets and achieving peace of mind, long-term care insurance also offers tax breaks and incentives for individuals as well as employers who offer LTCI as a benefit.

PREMIUMS PAID BY AN INDIVIDUAL

LTCI premiums can be itemized as a medical expense, though the amount is limited based on age. In order to be tax-deductible, total medical expenses including eligible LTCI premiums must exceed 7.5% of Adjusted Gross Income (AGI).

Attained Age	2024 Max. Eligible Premium Deduction
Age 40 or younger	\$470
Age 41-50	\$880
Age 51-60	\$1,760
Age 61-70	\$4,710
Age 71 or older	\$5,580

PREMIUMS PAID BY AN EMPLOYER

Employers who pay some or all of an LTCI premium for non-owner employees, their spouses, or their tax dependents may deduct the expense. There is no limit on the amount of premium an employer can pay and deduct, and premiums paid are excluded from the employee’s gross income.

TAXATION OF LTCI BENEFITS

Benefits are typically tax-free as long as the insured is chronically ill, and the benefits are used to pay for qualified long-term care services. Per diem benefits may be taxable if they exceed both the cost of qualified care services and a daily threshold of \$410 (in 2024).

OTHER TAX INCENTIVES

The Pension Protection Act of 2006 includes provisions allowing for a Section 1035 Tax-Free Exchange of individually owned life insurance or annuity policies into tax qualified LTCI policies. In some cases, this allows existing policyholders to obtain LTCI protection with no additional out-of-pocket expense.



For questions about federal and state tax breaks and incentives for LTCI, schedule a free discovery call with one of our advisors.



Scan the QR code or visit thekrauseagency.com/schedule.

Please consult a tax advisor for specific advice regarding your client’s circumstances.

Achieving Peace of Mind for the Family

Traditional Long-Term Care Insurance

MEET DANIEL AND MARTINA

Daniel and Martina are planning for their retirement, and their portfolio is currently worth over \$750,000. They have a small mortgage and one child in college. Their financial advisor has recommended they purchase LTCI to protect their assets and ensure their child is not responsible for being a full-time caregiver.

Recently, Martina's mother passed away after requiring care for two years. She had COPD, a respiratory illness that required daily oxygen usage and frequent hospitalizations. Martina's mother required assistance with her activities of daily living in addition to transportation, housekeeping, cooking, cleaning, and grocery shopping. She did not have long-term care insurance, so Martina provided the majority of her mother's care in conjunction with a trusted neighbor.



LTCI Premiums

Daniel is 56 and Martina is 55. Daniel has been on high blood pressure medication for about 5 years, but his blood pressure is stable. Martina is not on any medications. Daniel qualifies for the select/standard rate, while Martina qualifies for the preferred rate discount. Daniel's annual premium is \$1,910, and Martina's is \$2,670, bringing their total annual premium to \$4,580. If Martina didn't qualify for the preferred rate discount, their premium would have been \$5,052. That's a savings of \$472 per year.

POLICY BENEFITS



MONTHLY BENEFIT

\$4,500



MAXIMUM BENEFIT

\$165,000 or
3 years



25% CASH BENEFIT

\$1,125/mo



ELIMINATION PERIOD

90 days



INFLATION RIDER

3% compound

25 YEARS LATER

After 25 years, Daniel requires care at the age of 81 due to a fall that left him with a broken pelvis and problems with his memory. During that time, he paid \$47,750 in LTCI premiums. Since Daniel’s policy had a 3% compound inflation rider, Daniel’s benefits are as follows:

\$	
Monthly Benefit:	\$9,148
Maximum Benefit:	\$335,411 or 3 years
25% Cash Benefit	\$2,287/mo

At this time, the average cost of a home health aid is \$126,950 per year (about \$10,579 per month). Since Daniel’s policy will pay \$9,148 per month, he and Martina only need to cover \$1,431 per month. Martina uses Daniel’s LTCI benefits for a home health aide. He required care for 30 months, resulting in \$274,440 in total benefits used and \$42,930 in additional out-of-pocket costs. His family also had the option of using the cash benefit to provide care themselves.

\$	
Monthly Benefit:	\$9,148
Time in Care:	x 30 months
<hr/>	
Total Benefits Used:	\$274,440

\$	
Out-of-Pocket Cost:	\$9,148
Time in Care:	x 30 months
<hr/>	
Total Out-of-Pocket Cost:	\$42,930

Since Daniel paid \$47,750 in LTCI premiums, transferring the risk to the insurance company saved him and his family over \$180,000 in out-of-pocket long-term care costs.

\$	
Total Benefits Used:	\$274,440
Total Premiums Paid:	- 47,750
Total Out-of-Pocket Cost:	- \$42,930
<hr/>	
Amount Saved:	\$183,760

Daniel’s policy also qualified for state partnership protection. Therefore, in the event he exhausted his LTCI benefits and pursued Medicaid eligibility, he could retain additional assets beyond the \$2,000 allowance.



PLANNING TIP



In order for a traditional LTCI policy to qualify for state partnership protection, it must be structured with an inflation rider. Be sure to discuss this with your client when exploring LTCI policy options.

Leaving a Legacy for Loved Ones

Asset-Based Long-Term Care Insurance

MEET VALERIE

Valerie is a 63-year-old, non-smoking, married woman who wants to secure her financial future as she plans for retirement. Valerie’s husband, Don, has been diagnosed with Parkinson’s Disease and does not qualify for long-term care insurance.




LTCI Premiums


Valerie opts to purchase an asset-based LTCI policy at a couple’s rate with a one-time lump sum premium of \$100,000. She uses a 1035 exchange from funds that have accumulated in an old annuity policy, thus eliminating any taxes that she might have incurred on the gains.

1035 Exchange from Annuity:	\$75,000
Out-of-Pocket Payment:	+ \$25,000
<hr/>	
Lump Sum Premium:	\$100,000

POLICY BENEFITS


**MONTHLY
BENEFIT**
\$5,121


**MAXIMUM
BENEFIT**
\$257,067 or
4 years


**INFLATION
RIDER**
3%
compound

DEATH BENEFIT

The face value of her policy is \$122,892, which would be payable to her beneficiaries if she does not need care. If she uses all of her LTCI benefits, Valerie also has a residual death benefit that will pay \$24,578 to her beneficiaries.

17 YEARS LATER

After 17 years, Valerie, who is now an 80-year-old widow, requires assistance with bathing and dressing due to osteoporosis and arthritis, so she decides to move into an assisted living facility. Since Valerie’s policy had a 3% compound inflation rider, her benefits are as follows:

\$	
Monthly Benefit:	\$8,463
Maximum Benefit:	\$424,893 or 4 years

The average cost of an assisted living facility is now \$9,705 per month, so Valerie’s out-of-pocket cost is only \$1,242. Because she is no longer paying to maintain her home, Valerie is able to easily supplement the costs associated with her care from her pension and social security. Valerie requires care for 40 months, resulting in \$338,520 in total benefits used and \$49,680 in additional out-of-pocket costs.

\$	
Monthly Benefit:	\$8,463
Time in Care:	x 40 months
<hr/>	
Total Benefits Used:	\$338,520



\$	
Out-of-Pocket Cost:	\$1,242
Time in Care:	x 40 months
<hr/>	
Total Out-of-Pocket Costs:	\$49,680

Since Valerie paid a lump sum premium of \$100,000, part of which was paid for by an existing annuity, she saved herself and her family over \$185,000 in long-term care costs.

\$	
Total Benefits Used:	\$338,520
Total Premiums Paid:	- \$100,000
Out-of-Pocket Costs:	- \$49,680
<hr/>	
Amount Saved:	\$188,840

Upon her death, Valerie also leaves a residual death benefit of \$24,578 to her beneficiaries.

PLANNING TIP



Asset-based LTCI may also come with a guaranteed death benefit, allowing the policyholder to pass along unused benefit dollars to their intended heir(s).

A Tax Incentive for Businesses

Business Tax Long-Term Care Insurance



MEET ABC COMPANY

ABC Company is a Sub Chapter S company with three owners who have an average income of \$400,000. The company also employs two executive managers with an average income of \$160,000 as well as 45 other support staff with an average income of \$65,000.

ABC Company wants to take advantage of the tax advantages of offering LTCI while also providing an added benefit to employees and their families.

LTCI BENEFIT

Of all the employees at ABC Company, the following individuals opt into the LTCI benefit:

3 owners and their partners
(10-pay premiums)

TOTAL PREMIUM:
\$54,531

2 executive managers and their spouses
(10-pay premiums)

TOTAL PREMIUM:
\$7,961

15 support staff and 14 of their spouses

TOTAL PREMIUM:
\$29,777

COMPANY TAX DEDUCTION FOR PREMIUM:

Employees (100% deductible):

\$55,697

DEDUCTED ANNUALLY

2% owners (10-pay premium):

\$54,531

TOTAL PREMIUM ANNUALLY

TAX BENEFIT EXAMPLE

One of the owners, Ken (age 57), and his wife, Ellen (age 53), purchased the LTCI benefit. Based on their income, the couple has a federal tax rate of 37% and a state tax rate of 7.65% for a total of 44.65%.

\$

Combined Premium: \$20,137.71

Tax Savings: – \$8,991.49

Annual Net Premium: \$11,146.22

\$

Annual Net Premium: \$11,146.22

Premium Period: x 10

**Total Net Premium: \$111,462.20
over 10 years**

AT AGE 80

At age 80, at 3% compound inflation, the total benefit for Ken and Ellen is \$755,078.00 (tax-free). ABC Company was able to deduct the premiums paid on Ken and Ellen's behalf as well as on the behalf of the other staff and spouses who opted into the company's LTCI benefit.



10

CHAPTER 10: Other Payers of Long-Term Care

By now, you should understand the importance of planning ahead for long-term care. The best way for your client to choose how and where they receive long-term care is to purchase an LTCI policy that is tailored to their needs. However, part of providing well-rounded advice to your clients is understanding all the potential benefits available to them while going through the long-term care planning process—specifically the government entitlement benefits designed for those with no other means to pay for long-term care. This chapter will explore the VA pension benefit and the Medicaid program—two key public payers of long-term care.

The VA Pension Benefit

When it comes to long-term care planning, it's crucial to recognize when your client might be eligible for VA benefits. In fact, the non-service-connected VA pension is one of major payers of long-term care in the United States. It is a monthly, tax-free stream of income meant to help qualified veterans or their surviving spouses cover their monthly medical expenses. It is not designed for those who incurred a disability in the line of duty, who may be eligible for compensation under a different VA program. Rather, this benefit is for someone who incurred a disability at a different time (most often due to aging and the need for long-term care). To be eligible, the veteran or their spouse must meet certain service requirements, be physically in need of care, and have low income and assets.

For those who qualify, the VA pension benefit can be used for any eligible medical expenses, such as home health care, assisted living, and health insurance premiums. There are three types of coverage: Base Pension, Housebound, and Aid and Attendance. The Aid and Attendance pension provides the most financial assistance of the three and is reserved for those who require the daily aid and attendance of another person to maintain a protective environment.

SERVICE REQUIREMENTS AND MEDICAL NEED

To be considered a qualified veteran, the veteran must have served 90 days active duty with at least one day during an official period of war. They must have also received a military discharge other than dishonorable. In cases involving a married couple, the veteran must always be the claimant, or the applicant in need of care. The claimant must also be 65 or older or permanently and totally disabled.



Official Periods of War

Mexican Border period	May 9, 1916, to April 5, 1917, for Veterans who served in Mexico, on its borders, or in adjacent waters
World War I	April 6, 1917, to November 11, 1918
World War II	December 7, 1941, to December 31, 1946
Korean conflict	June 27, 1950, to January 31, 1955
Vietnam War era	November 1, 1955, to May 7, 1975, for Veterans who served in the Republic of Vietnam during that period. August 5, 1964, to May 7, 1975, for Veterans who served outside the Republic of Vietnam.
Gulf War	August 2, 1990, through a future date to be set by law or presidential proclamation

FINANCIAL REQUIREMENTS

In order to qualify for the VA pension benefit, claimants must meet certain financial requirements. First, the claimant's net worth must be below the limit of \$155,356 (in 2024). Net worth is calculated by adding the claimant's and their spouse's countable assets to their annual income. Assets that are not considered when determining net worth include the primary residence, vehicles, and basic household items.

Additionally, transactions involving certain assets may result in a penalty period of ineligibility from benefits. Specifically, any transfers of assets for less than fair market value will be penalized. Transfers to a trust or a SPIA will also result in a penalty. The lookback period for these transfers is currently 36 months from the date of the claim, meaning the U.S. Department of Veterans Affairs will review transactions from the three years preceding the claim to determine whether any ineligible transfers occurred.

Beyond the net worth limitation, the claimant must also meet income requirements. When establishing whether a claimant is income eligible, the determining agency will apply a Maximum Annual Pension Rate (MAPR) the claimant could qualify for based on the number of dependents the individual has, whether they are married, and whether the individual's disability qualifies them for Housebound or Aid and Attendance benefits.

Once this figure is established, the claimant's Income for VA Purposes (IVAP) will be calculated. IVAP is determined by deducting the claimant's recurring unreimbursed medical expenses (UMEs) from their monthly income. To qualify for benefits, the claimant's IVAP must be less than the MAPR they would be eligible for. In order to receive the MAPR, the IVAP must be a negative figure or equal to zero dollars.

2024 Maximum Annual Pension Rates

SINGLE VETERAN

Base Pension	\$16,551
Housebound	\$20,226
Aid and Attendance	\$27,609

MARRIED VETERAN

Base Pension	\$21,674
Housebound	\$25,348
Aid and Attendance	\$32,729

SURVIVING SPOUSE

Base Pension	\$11,102
Housebound	\$13,568
Aid and Attendance	\$17,743

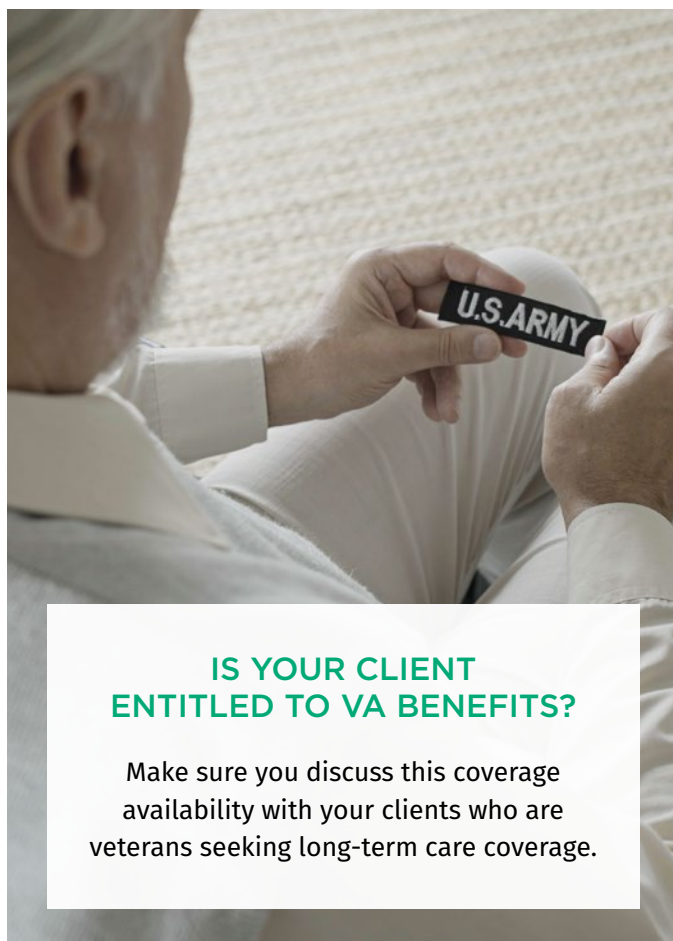
VETERAN MARRIED TO VETERAN

Base Pension	\$21,674
Both Housebound	\$29,021
Both Aid and Attendance	\$43,791



IMPACT ON LONG-TERM CARE PLANNING

If your client or their spouse is a qualified veteran as described in this chapter, they may be entitled to an additional monthly stream of income to assist them with their medical expenses. For example, a single veteran could receive \$2,300 per month should they require the aid and attendance of a caregiver based on the 2024 MAPR of \$27,609. This benefit can go a long way in ensuring your client has access to the quality care they deserve. For more information on the non-service-connected VA pension benefit and how it can help your clients, [visit va.gov](https://www.va.gov).



IS YOUR CLIENT ENTITLED TO VA BENEFITS?

Make sure you discuss this coverage availability with your clients who are veterans seeking long-term care coverage.

The Medicaid Program

Medicaid is a government program that provides health insurance coverage to those with limited income and resources. The program is federally mandated but administered at the state level, so many of the rules and regulations vary by state. When it comes to long-term care, Medicaid benefits cover custodial care, including room and board, pharmacy, and incidentals, in a Medicaid-approved facility. This is typically a skilled nursing home, but many states engage in waiver programs that extend Medicaid benefits to assisted living facilities or at-home care programs.

ELIGIBILITY REQUIREMENTS

Non-Financial Qualifications

In order to meet the non-financial qualifications for Medicaid, an individual must be:

- + A U.S. citizen or qualified non-citizen
- + Age 65 or older, blind, or disabled
- + Residing in a Medicaid-approved facility

The financial requirements for Medicaid are more complex and can generally be divided into two categories: income and assets. The institutionalized person's income, including Social Security, pension, and other earned and unearned sources, must be less than the private pay rate of the facility. There are no limitations on the income of the spouse at home. Moreover, a spouse residing at home with income below the state-specific Monthly Maintenance Needs Allowance may be entitled to receive an income shift from the institutionalized spouse.

In terms of assets, the institutionalized individual is subject to an Individual Resource Allowance of \$2,000 in most states. Although single applicants are restricted to this amount, married couples are allotted a separate allowance for the spouse at home. This allowance is

known as the Community Spouse Resource Allowance. This figure is state-specific but is typically between \$30,828 and \$154,140 in 2024.

That said, these resource allowances only apply to countable assets. Similar to the VA pension benefit, the Medicaid program allows applicants to retain certain assets above the resource allowance. In most states, exempt assets include the primary residence, one vehicle, personal property, and Funeral Expense Trusts. Countable assets include most other assets that could easily become liquid. Additionally, the exempt or countable status of retirement accounts varies by state. The Medicaid program also has restrictions in place regarding transfers for less than fair market value. Therefore, if an applicant has given away assets within the lookback period, which is five years for Medicaid, they will be ineligible for benefits for a certain period of time. This rule also extends to transfers to a trust. However, it does not apply to SPIAs that are Medicaid compliant, making SPIAs an excellent tool for those looking to qualify for Medicaid.

SUPPLEMENTAL SECURITY INCOME (SSI)		
	Individual	Couple
SSI Federal Benefit Rate	\$943	\$1,415
SSI Resource Standard	\$2,000	\$3,000
Income Cap Limit (300%)	\$2,829	N/A



IMPACT ON LONG-TERM CARE PLANNING

With the Medicaid program being the primary payer of long-term care in the United States, it is important to understand its requirements and recognize when a client may benefit from seeking Medicaid eligibility. While the goal of every agent should be to establish a plan for long-term care in advance using an LTCI policy, you should also have the concept of crisis Medicaid planning in your back pocket in case you come across a client facing an immediate long-term care event. Learn more about our flagship SPIA product—the Medicaid Compliant Annuity—and how it is used in crisis planning on [page 52](#).



Although planning ahead for long-term care is ideal, it’s crucial to understand how crisis Medicaid planning can help clients facing an immediate care need.

SPOUSAL IMPOVERISHMENT STANDARDS*		
Minimum MMNA	\$3,080	Alaska
	\$2,835	Hawaii
	\$2,465	All Other States
Maximum MMNA	\$3,835.50	All States
Shelter Standard	\$924.00	Alaska
	\$850.50	Hawaii
	\$739.50	All Other States
CSRA	\$30,828	Minimum
	\$154,140	Maximum
Home Equity Limits	\$713,000	Minimum
	\$1,071,000	Maximum

*Spousal impoverishment standards may vary by state.

11

CHAPTER 11: Funeral Expense Trusts

Beyond long-term care Insurance, a funeral expense trust (FET) is a staple in any estate plan. It consists of a small whole life insurance policy that is irrevocably assigned to a funeral trust controlled by an insurance company. It allows seniors to set aside funds for their end-of-life expenses and protects these funds from Medicaid and other potential creditors. An FET serves as a simple add-on for clients who are planning for their long-term care.

Qualified expenses covered under an FET include:

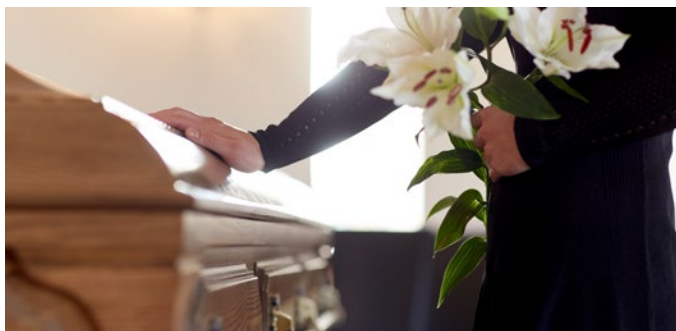
- + Funeral services
- + Embalming and preparation for viewing
- + Casket or cremation
- + Burial services
- + Headstone



- Help clients set aside funds for funeral and burial expenses with a funeral expense trust.

BENEFITS OF PURCHASING A FUNERAL EXPENSE TRUST

An FET serves as a flexible planning tool that allows your clients to control their choice of a funeral home and burial location as well as the goods and services they receive. There is no age limit to qualify, so this product can be added regardless of where your client is in the planning process. Plus, the funds are immediately available to pay for funeral expenses upon the owner's death.



FET Benefits

- + No fees
- + Anyone can qualify
- + Proceeds are free from income tax
- + Funds can be used at any funeral home provider
- + Don't have to choose specific services ahead of time
- + Cash available as soon as 24 hours after the death of the insured

+ Next, send the application paperwork and premium funds to our office, and we'll pass it along to the insurance carrier. There is no processing fee for an FET.

+ If your client would like to transfer an existing life insurance or annuity contract to fund an FET, they can do so using a 1035 Tax-Free Exchange. They just have to complete an additional form with the application, and the insurance company will obtain the funds directly from the old custodian.

FETS AND LONG-TERM CARE PLANNING

Funeral planning is important for clients of any age at any stage of their lives, including those planning for retirement. Since anyone under the age of 100 can qualify, a funeral expense trust is a simple add-on product for clients securing a long-term care plan. Encourage your clients planning for retirement or purchasing a long-term care insurance policy to also consider investing in an FET. Setting aside funds for their funeral expenses provides peace of mind and allows them to alleviate the burden of their loved ones covering these costs.

PURCHASING AN FET

If your client is looking to purchase a Funeral Expense Trust, the process is simple.

- + First, your client must complete a short, two-page application where they choose their desired face value for the trust, which dictates the premium amount.



State Funeral Expense Trust Limits

STATE	FET LIMIT	STATE	FET LIMIT
ALABAMA	\$15,000*	MONTANA	\$15,000
ALASKA	\$1,500	NEBRASKA	\$5,654
ARIZONA	\$9,000*	NEVADA	\$15,000*
ARKANSAS	\$15,000*	NEW HAMPSHIRE	\$15,000*
CALIFORNIA	\$15,000	NEW JERSEY	\$15,000*
COLORADO	\$15,000	NEW MEXICO	\$15,000
CONNECTICUT	\$10,000	NEW YORK	N/A
DELAWARE	\$15,000	NORTH CAROLINA	\$15,000
DISTRICT OF COLUMBIA	\$15,000	NORTH DAKOTA	\$6,000
FLORIDA	\$15,000	OHIO	\$15,000
GEORGIA	\$10,000	OKLAHOMA	\$10,000
HAWAII	\$15,000	OREGON	\$15,000
IDAHO	\$15,000	PENNSYLVANIA	VARIES BY COUNTY
ILLINOIS	\$6,562 WITHOUT G&S \$15,000 WITH G&S	RHODE ISLAND	\$15,000
INDIANA	\$15,000	SOUTH CAROLINA	\$15,000
IOWA	\$13,125 WITHOUT G&S, \$15,000 WITH G&S	SOUTH DAKOTA	\$10,000
KANSAS	\$10,000*	TENNESSEE	\$6,000*
KENTUCKY	\$15,000*	TEXAS	\$15,000
LOUISIANA	\$10,000	UTAH	\$7,000
MAINE	\$12,000	VERMONT	\$10,000
MARYLAND	\$15,000	VIRGINIA	\$15,000
MASSACHUSETTS	\$15,000*	WASHINGTON	\$15,000
MICHIGAN	N/A	WEST VIRGINIA	\$15,000*
MINNESOTA	\$15,000*	WISCONSIN	\$15,000*
MISSISSIPPI	\$15,000	WYOMING	\$15,000*
MISSOURI	\$9,999*		

*A Letter of Goods and Services may be required.

12

CHAPTER 12: Medicare

Medicare products provide a significant opportunity to expand your business. Since health costs are one of the main contributors to financial distress, many people are seeking a trusted advisor to help them plan for these costs and obtain coverage for gaps in Medicare.

We offer training, certification, and case guidance for Medicare Supplements, Advantage Plans, Prescription Drug Plans, and other supplemental plans to meet your clients' needs.

► By adding these products to your business, you can be the beacon of light to guide clients through Medicare products and plans.

Our Medicare Products

MEDICARE SUPPLEMENTS

Medicare Supplements, also known as Medigap, are private insurance policies designed to fill gaps in original Medicare coverage. While Medicare pays for a great deal of medical expenses, a Medicare Supplement policy can help cover some remaining costs, such as copayments, coinsurance, and deductibles. Enrollees can choose from a variety of supplemental plans with different benefits and costs.

ADVANTAGE PLANS

Advantage Plans, also known as Part C or MA plans, are insurance plans provided by a Medicare-approved private company and must follow specific rules set by Medicare. These plans offer an alternative for Medicare

Our Medicare Carriers



Part A and Part B coverage, and many also include drug coverage (Part D). These plans are required to be as good or better than original Medicare and have limits on the out-of-pocket costs.

PRESCRIPTION DRUG PLANS

Prescription Drug Plans, also known as Part D or PDP plans, provide Medicare drug coverage for prescription drugs as a standalone plan that cannot be paired with a Medicare Advantage Plan. Enrollees can choose from a variety of Prescription Drug Plans with different costs and coverage. While Medicare drug coverage is optional and is offered to everyone with Medicare, delaying enrollment without creditable coverage can result in a late enrollment penalty.

OTHER PLANS

In certain states, people can opt for other special Medicare plans, such as Cost Plans, a Medicare Savings Account, and Select Plans. Even with a supplemental plan, many individuals must seek additional coverage for health costs, including dental, vision, hearing, and hospital copays.

WHY OFFER MEDICARE PRODUCTS?

Offering Medicare product advisement not only strengthens your relationships with existing clients, but it can also open doors to additional clients. Health costs are one of main contributors to financial depletion, so your clients need a trusted advisor to help them plan for these costs and cover gaps to avoid financial surprises.

Finding the Right Medicare Product for Your Client

Each Medicare product can help clients in different ways and at different stages of their lives. The key is ensuring the plan is suitable for your client's specific needs. We provide training and guidance to assist you in determining suitability for each case, taking into account a variety of factors, including travel, provider preference, health needs, location, and more.

Disclaimers

This information is for agent use only and not intended for use by the general public.

Not affiliated with or endorsed by the government or Federal Medicare Program.



Medicare is complicated. You can help your clients navigate this maze.



Want to learn more about Medicare?

Schedule a Discovery Call to explore our Medicare offerings and discover how you can add these vital products to your business.

Scan the QR code or visit
thekrauseagency.com/schedule-medicare.

13

CHAPTER 13: Medicaid Compliant Annuities

What is a Medicaid Compliant Annuity?

A Medicaid Compliant Annuity (MCA) is a powerful spend-down tool designed to help agents and advisors achieve Medicaid eligibility for their senior clients who are facing a costly nursing home stay. An MCA is a Single Premium Immediate Annuity (SPIA) that converts assets into an income stream with zero cash value. When properly structured, this annuity allows you to legally eliminate the excess countable assets preventing your senior clients from qualifying for Medicaid and accelerate their eligibility for benefits.

This product is available in 49 states plus D.C. We offer MCA terms as short as two months, meaning we can customize the perfect spend-down strategy based on your client's information.

- ▶ The MCA is a revolutionary product for those who failed to plan ahead and need crisis planning for long-term care.

Our MCA Carriers



ELCO MUTUAL
LIFE & ANNUITY

 **Unity
Financial**



Nationwide®



TheStandard®



REQUIREMENTS OF AN MCA



IRREVOCABLE

The payment amount, term, and parties of the annuity contract cannot be altered.



NON-ASSIGNABLE

The contract cannot be assigned to another party or sold on the secondary market.



ACTUARIALLY SOUND

The term of the annuity must be fixed and equal to or shorter than the owner's Medicaid life expectancy.



EQUAL PAYMENTS

The annuity must provide equal monthly payments with no deferral or balloon payments.



STATE AS BENEFICIARY

In most cases, the state Medicaid agency must be named primary death beneficiary to the extent of benefits paid on behalf of the institutionalized individual.

When is an MCA Appropriate?

A Medicaid Compliant Annuity may be right for your client if they:

- + Reside in a Medicaid-approved facility
- + Have exhausted Medicare or long-term care insurance benefits
- + Are paying out of pocket for care
- + Have excess countable assets

When your senior client enters a nursing home, they want to find a way to pay for care without depleting their entire life savings. An MCA is a quick and easy way to do both. The entire process, from the initial quote to receiving the contract in hand, can be completed in as little as seven days.

MCAs allow you to help your clients gain financial relief while enhancing your offering as an agent. You have the power to help them preserve their hard-earned savings when the alternative is draining it all on the nursing home bill. Trust us—they will be eternally grateful.



MCA Strategies

MARRIED COUPLE MCA STRATEGIES

Community Spouse MCA

Any excess countable assets—the couple’s spend-down amount—are funded into an MCA for the community spouse. The MCA payments will go to the community spouse, allowing them to continue their lifestyle at home.

Institutionalized Spouse MCA

This strategy is typically used when the community spouse has a low enough income to qualify for an income shift under the Monthly Maintenance Needs Allowance rules. The spend-down amount is funded into an MCA for the institutionalized spouse. The MCA payments will go to the institutionalized spouse as income, but a portion or all of their income will shift to the community spouse.

“Name on the Check Rule”

This strategy may be used when the institutionalized spouse owns an IRA that is considered countable. They transfer their IRA to an MCA that is owned by them but made payable to the community spouse. The MCA payments will go to the community spouse, since their name is on the check.

NOTE: The success of the “Name on the Check Rule” strategy varies by state, so get in touch with us before moving forward.

SINGLE PERSON MCA STRATEGIES

Gift/MCA Plan

Rather than fund the entire spend-down amount into an MCA, the individual gifts about half of their assets to a loved one and incurs a penalty period of ineligibility. Then, they use their remaining assets to purchase an MCA that will help them pay for their care during the penalty period.

Standalone Plan

This strategy is typically used when the Gift/MCA plan is not viable or if the individual is not expected to live long. The individual funds their entire spend-down amount into an MCA. They immediately qualify for benefits, and the MCA payments become part of their Medicaid co-pay. Upon their passing, after the state Medicaid agency makes their claim, the contingent beneficiary receives the remaining amount.



**Want to learn more
about MCAs?**

Schedule a Discovery Call to explore
Medicaid Compliant Annuities and
discover how you can add this vital
product to your business.

Scan the QR code or visit
thekrauseagency.com/schedule-mca.





The Krause Agency is a limited liability company in the State of Wisconsin. By way of the Agent Guide, The Krause Agency and its agents, are not offering legal advice. It is intended for educational and informational purposes only. This publication may be affected by current and future changes in the law, and for those reasons, the accuracy and completeness of the materials and the opinions of The Krause Agency are not guaranteed. In addition, because of the complexity and interrelationship of various areas of law, including the Internal Revenue Service Code, Medicaid, and the Department of Veterans Affairs, from which there may be certain exceptions or limitations, the strategies, plans, and products discussed in this publication may not be suitable for every individual, in every state. The Krause Agency highly recommends that before utilizing any strategy, plan, or product, its current use and applicability needs to be reconfirmed with the proper authorities, including an elder law attorney who specializes in Medicaid benefits. Furthermore, no inference is to be drawn that any of the insurance products provided by The Krause Agency have been reviewed or approved by any state government office. The Krause Agency makes no guarantee that the purchase of any insurance products will result in eligibility for any financial assistance program.

The Content of this report, including all written materials, graphics, photographs, audio and/or video materials, and trademarks, is the exclusive property of The Krause Agency and is protected under U.S. and international laws. This Content is provided solely for non-commercial, educational purposes and shall not be duplicated, distributed, or transferred in whole or in part, nor any derivative works made, without prior written permission from The Krause Agency.

©The Krause Agency 2024



info@thekrauseagency.com

thekrauseagency.com

p: (800) 255-1932 | **f:** (805) 683-6313

1234 Enterprise Drive, De Pere, WI 54115