Barry J. Fisher/Paradigm Insurance Marketing, Inc.

The Less Than Lifetime Solution™

The long-term care insurance landscape is constantly changing. Over the past few years, a new phenomenon has emerged. The average age at which customers purchase long-term care insurance has dropped from 72 just a few years ago, to 57 today. This and a number of other factors have increased the cost of lifetime benefits to a point where many consumers were faced with an "all-or-nothing" approach to purchasing protection for their retirement lifestyles, income and assets.

In 2005, Barry Fisher determined that this trend was leading us all to a bad result. Not enough consumers could afford lifetime benefits, and too many were choosing to purchase nothing at all. This will create a health-care crisis of tremendous proportions when the 75 million Boomers now racing toward retirement begin needing long-term care. He did a significant amount of research and discovered a few pivotal facts:

1. The typical length of a long-term care insurance claim is four to five years;
2. The average age at which a person goes on claim is 84;
3. The current inflation rate for long-term care services is five percent per year.
4. This means that most Boomers will need $800,000 to $1,500,000 to cover their long-term care costs!

<u>Where will the money come from????</u>

Many Boomers have been diligently saving and investing for retirement, and are unaware that a long-term care event (which affects more than 50% of all those who reach age 65) can wipe out their entire retirement nest egg. Also, Boomers have shown that they like to ensure themselves a positive experience at each phase of life, and ending up in a Medicaid nursing home is not the picture of what they want. To ensure that Boomers remain in control of their lives and their finances into their elder years, it's important that they protect their hard-earned retirement income and assets from the potential devastation of a long-term care event.

A growing number of Boomers have experienced long-term care first-hand in their own families, with a parent or other family member. They are beginning to see the financial and emotional havoc this wreaks on a family, and are concerned that they don't burden their own children with the same problems. Their only problem is that they often don't understand that they should purchase long-term care insurance NOW, in their 50s, as opposed to waiting until their 60s or 70s, when they may not qualify for the coverage.

<u>The Options for Long-Term Care Protection</u>

There are only a few options for protecting against the financial risk of long-term care:

1. Expect the government or others to take care of you;
2. Use your own money and assets to pay for long-term care;
3. Transfer the risk to an insurance company for pennies on the dollar.

The Less Than Lifetime SolutionTM is a tool that shows how much money a given person is likely to need for long-term care, and lays out the options in black-and-white for obtaining the money. Based on the facts above, there is a simple calculation to answer the following key questions:

How much money do I need for long-term care?
Where will the money come from?
Which option makes the most sense for me?

<u>How Much Money Do I Need?</u>

Based on the information from a number of reliable sources1, a way to calculate the need is by using the following formula:

1. Cost per day in the person's area of residence ($200) **times** days per year (365) times the typical length of claim (4 to 5 years)

Be aware that this is not an exact science, but will be helpful in determining the most important aspect of long-term care insurance:

THE POOL OF MONEY AVAILABLE AT THE TIME A PERSON NEEDS CARE!!

Calculation of above risk: $200 x 365 x 5 = $365,000 (if the claim happened today)

2. One more factor completes the picture: the impact of inflation on today's cost of care till the time the person is likely to need care. The average cost of inflation in long-term care today is 5 percent per year. By the rule of 72 (the rate at which a sum of money will double), the cost of long-term care will double every 14.2 years. Therefore, someone who is 54 today will see the cost of care double TWICE by the time they're likely to need care at age 84.

$365,000 x 2 = $730,000 at age 68

$730,000 x 2 = $1,460,000 at age 82

<u>This means your clients have a MILLION-DOLLAR problem, and you can help them solve it.</u>

<u>Where Will the Money Come From?</u>

Your clients who are good financial planners may say, "I have that much money, so why do I need long-term care insurance?" The question is: do you want to use your assets to enjoy a great retirement, or do you want to have to set most of it aside in case you need long-term care? Also, what assets would you liquidate if you needed long-term care? And, what will your spouse live on if you use all your assets for long-term care? (or vice versa)

There are two options for protecting against the long-term care risk:

Your clients can choose to do it themselves, or

They can transfer the risk to an insurance company.

If they choose to do it themselves, they must calculate how much they must invest to create a separate pool of money equal to the long-term care risk by the time they are in their 80s. They can do this through one lump-sum contribution (for a 54-year old, of $254,270), or they can invest $17,427 each year until they are 84. In each case, they will need to get an after-tax return on investment of at least 6 percent to achieve their goal.

If they transfer the risk to an insurance company, they will pay in this example an annual premium of $2,934 until they reach age 84. It is possible that the premiums will increase during that time, but the investment looks small and easy to handle compared to the do-it-yourself method. Even if they pay premiums for a full 30 years, their total investment will be $88,020 to get a pool of money of $1.46 million at age 84. They're getting the benefit for about SIX CENTS ON THE DOLLAR. Not too many places they could get that kind of return on investment.

Which Option is Best for Me?

We think it's safe to say that the vast majority of your clients will quickly see that they're better off paying a premium of $2,934 to an insurance company than trying to invest their way to long-term care protection. To make all this simple and quick for both you and your client, we have developed **The Less Than Lifetime SolutionTM calculator**, which allows you to enter your client's specific info in about two minutes, and present an easy-to-understand report to your client that lays out these options in black and white.

You can qualify prospects in five minutes or less using this system, and you can close long-term care insurance sales in 30 minutes or less. To make your success at selling long-term care insurance complete, we have taken it a step further and created the Less Than **Lifetime SolutionTM Toolkit**, which lays out specific sales tracks to follow in presenting long-term care insurance to new and current clients, and provides sales and marketing tips and tools to help you build your long-term care insurance sales in record time.

BJFIM/Paradigm Contracted Agents Get Discounts on Both of These Sales Building Tools

The Less Than Lifetime SolutionTM calculator by itself retails for $149. Agents contracted with us can get it for $99, a discount of 33 percent.

The Less Than Lifetime Solution Toolkit retails for $995, and includes the software and detailed instructions for its use, along with consumer presentations, camera-ready marketing materials, and a host of other tools and techniques to boost your LTCi sales. Agents contracted with BJFIM/Paradigm can get the toolkit for $595, a discount of 40 percent.

For more information on how to purchase these valuable tools to boost your long-term care insurance sales, click here. (should take them to gotopro.com/bjfim affiliate page.