



Staying ahead of the long-term care crisis

Changing demographics, shrinking stand-alone long-term care insurance options and new legislation have all culminated in what some are calling “the long-term care crisis.” Fortunately, ARC now offers long-term care benefits combined with permanent life insurance.

The impending crisis: by the numbers



Changing demographics and the need

By 2030, there will be more people over age 65 than under 18.¹ 70% of those over 65 will need long-term care.²

¹The Caring Company. Harvard Business School. 2018. ²Genworth Cost of Care Survey. 2021.

³Designing Universal Family Care. National Academy of Social Insurance. 2019.



The cost of care

The median annual cost for a home health aid is \$61,776 with even higher costs for nursing home care.²



Shrinking stand-alone LTC options

While there were more than 100 companies selling LTC insurance at the turn of the 21st century, today fewer than a dozen sell a meaningful number of policies.³

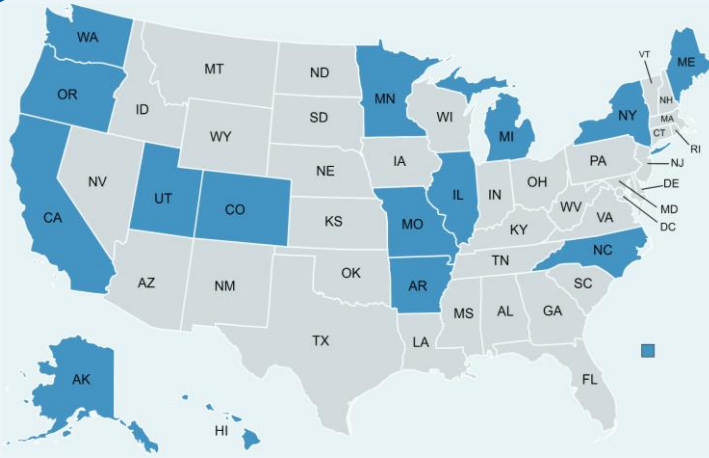
Why are hybrid solutions so appealing?

Hybrid long-term care benefits combined with life insurance:

- 100% of policyholders receive a benefit, either from life insurance or long-term care
- Typically, more affordable level premiums that don't increase due to age
- Portable coverage - employees can take the same benefits with them wherever they go

Stand-alone long-term care insurance:

- Only pays if long-term care is needed
- Typically higher cost and subject to premium increases
- May require medical underwriting



Today a growing number of states are looking at modeling similar long-term care legislation, including:

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|------------|----------|-----------|----------------|
| Alaska | Colorado | Michigan | North Carolina |
| Arkansas | Hawaii | Minnesota | Oregon |
| California | Illinois | Missouri | Utah |
| | Maine | New York | |

Life with Long-Term Care Solution

ARC has partnered with Chubb to offer benefits for long-term care through a permanent life insurance policy that triples the value of the policy for long-term care:

- Advances 4% of the death benefit for up to 75 months of long-term care
- Helps pay for home and facility care
- Level premiums
- Guaranteed Issue
- Life & LTC Insurance - two valuable benefits in one

New state legislation brings the challenge into focus

In 2021, Washington state enacted new legislation to help address the challenge of long-term care. Employees would pay a new 0.58% payroll tax unless they owned a qualifying long-term care insurance policy.

Why did they do it?

- Aging population - 10,000 baby boomers turning 65 every day.
- 70% chance of needing LTC
- 43% of LTC claims are under age 65
- Growing cost of care
- Lack of preparedness & awareness
- State medicaid programs are not budgeted to support the need & demand



Provides level long-term care and death benefit protection throughout the life of the policy.

Leaves you in the driver's seat which allows flexibility to use benefits that best suit your needs. Use just for Life, just for LTC, or a combination of the two.

CA is Up Next

- 2022
 - Taskforce was created with the mission to explore a statewide insurance program for LTC services and support.
 - Taskforce meet numerous times throughout the year and submitted their recommendations to the state in December of 2022.
 - Current plan recommendations (as of 12/15/22)
 - Five options offering comprehensive state LTC benefits
 - All five plans allow for a state plan opt out with qualifying private coverage and a reduction in payroll tax with a qualifying supplemental coverage .
 - Definition of eligible LTC private insurance to opt out has not yet been defined. Recommendation is to stay with broad based LTC and Life with LTC.
- 2023
 - Actuarial analysis to be done and completed by end of year.
 - Plan design options could be edited, removed, or added based on analysis.
- 2024
 - Final plan option(s) to vote on.
- 2025
 - Plan goes into effect with new payroll tax deductions being implemented.

Time is Now – get ahead of the curve

- Legislation Process: one to two years
Targeted enactment date is 1/1/25
- Unlike in WA, they aren't considering an "open enrollment" window for those wanting to opt out.
- Will likely need to have private insurance in force one year prior to opt-out of the state plan
- LTC carrier's anticipate not accepting new business in Q4