Certification for Long-Term Care

A Seat At The Table: Providing Advice On A Subject That Makes You Indispensable To Centers Of Influence & Clients

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Agenda

- The subject matter is extended care
  - What you may know…what you may not know
- The consequences of an extended care event
- Extending your influence to Centers of Influence whose business models are disrupted by the event

Targeted Centers of Influence

- Financial advisors
- CPAs and accountants
- Domestic relations attorneys
- Special needs attorneys

- What you likely know about the subject…
- The need for care is caused by impairments
- A <u>physical impairment</u> is an illness that can be managed with medication and therapy but cannot be cured by either
- A <u>cognitive impairment</u> is a marked or measured decline in intellect
- As they progress the client becomes increasingly compromised

- The key word: compromise
- The impairments so *compromise* the client that he or she is no longer safe which means care…
- Becomes all-consuming compelling others to become involved. In turn this creates the first of two sets of consequences

First set of consequences:

The emotional & physical damages to
the family is real and potentially irreversible

- Providing care to a chronically ill persons makes healthy caregivers chronically ill often causing resentment
- At least one child will have to put aside her (or his) life if a parent is no longer safe
- Providing care is rarely a shared responsibility, which creates friction. The end result…
- Extended care does not bring families together…
- It tears them apart causing the potential for irreversible consequences

The second set of consequences:

Paying for care disrupts plans
to keep financial commitments <u>and</u>
<u>by definition the business models of</u>
<u>targeted COIs</u>

Financial Advisors

FA's are in the business of securing predictable streams of income

- Reallocating income to pay for care disrupts their business model
- "My client has enough assets"
  - Assets do not pay for care income does
  - Using assets disrupts the intent to preserve capital
    - Unnecessary taxes
    - Market timing
    - Liquidity
    - Every dollar spent on care is one dollar less to generate income

- CPAs & Accountants

- CPAs / accountants draft sophisticated plans to minimize or eliminate taxes

- Paying for care requires liquidating assets
  - Unnecessary taxes: Low cost based assets are better left in an estate for free step-up. Paying for care disrupts that plan
  - Taxes due before necessary: Using qualified funds to pay for care disrupts plans

Domestic Relations Attorneys

- Dissolution of a marriage: There is rarely if ever a plan to protect the adult children should a now divorced parent need care
- Remarriage: Few if any premarital agreements have a provision for how assets and income is protected should there be a need for extended care

Special Needs Attorneys

- Supplemental Needs Trusts are often funded by second to die policies as well as a bequeath. What happens if a parent needs care?
- Reallocation of cash flow jeopardizing ability to continue supporting a special needs child
- Lapse of policy

Delivering The Message: Changing The Terms Of The Conversation

- The subject is usually presented as a series of risks creating denial…even from the COI

- Extended care is not a series of risks your client faces as he (or she) ages…

- It's a set of serious if not irreversible consequences to those the client invited into his or her life and promised to take care of

- As these impairments progress they would so severely compromise your client that he is no longer safe…
- Which means those the client promised to take care of would have little choice but to put their lives aside to take care of the client creating serious if not irreversible consequences

- Paying for care requires a reallocation of income seriously undermining your client's ability to keep future financial commitments
- Using capital to pay for care undermines its purpose: to provide predictable streams of income and creates all the issues previously mentioned
- In the final analysis not creating a plan for extended care undermines the COI's business model

Overcoming classic objections

- You're talking about long-term care insurance right?
  - *The product may or may not be appropriate. At this point it's the subject and educating your clients about the consequences of not having a plan*

- My client has enough assets
  - *Assets don't pay for care…income does. Paying for care should be considered an expense; expenses are covered by cash flow. The likely problem is that it is already committed to expenses few of which are discretionary*

…continued

- How do I handle a client when he tells me he will never need care?
  - *Suggest that he won't for the simple reason that he doesn't believe it and you don't want to get into an argument. Then ask a simple question: "If I may, please tell me what you think taking care of you would do to those you promised to take care of?*

The message in 30 seconds or less….

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Not having a plan for extended care will create serious if not irreversible consequences to your client's families…

It will also disrupt every plan you have created to secure a sense of financial viability during later years in life

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About CLTC

- Created in 1999 specifically for professionals that sell advice

- Gives graduates the skill set to proactively engage clients and centers of influence in a discussion that leads to an agreement to create a plan not buy a product

- Educates you on what LTCi actually does