



Prudential Long-Term Care: LTC3SM Policy Design

Teleconference Number: 1-800-230-1059
(Call Reference Name: Prudential Long-Term Care)

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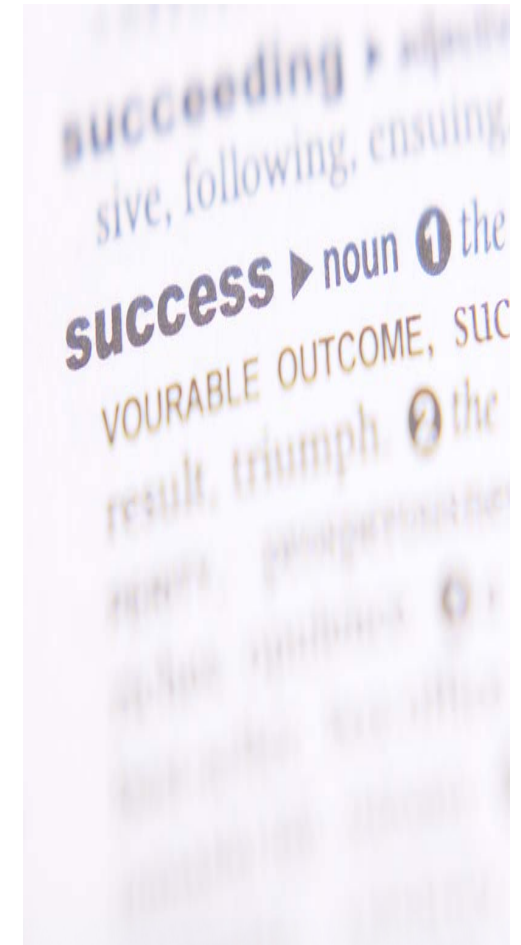
Objectives

- Assist in gaining greater competence and confidence in designing plans to meet clients' needs
- Sell a long-term care insurance plan as a holistic approach
- Understand what is unique about Prudential's LTC3SM product

As a result, you will begin talking to more people!

Success in LTC Sales

- Establish your client's need for LTCi
 - Conduct sales interview and planning
- Design a plan that is simple and meets the client's needs



Asking questions is the highest form of sales!

A “Plan” for LTC is the objective... Not Product

- **EXPERIENCE:**

Uncover the impact of long-term care on your prospect/client and ***their family***

“Do you know someone who needs/needed help to get through their day?”

- *Who was it? What happened? When did it happen? Where did it happen? How did things turn out? How much was it then? How much would it cost today?*

- **CONCERNS: THEIRS!**

“If it happened to you, what would your concerns be?”

- No excessive burden on my spouse/children/family
- Protect assets for myself should I recover (single or widowed person)
- Protect assets for my spouse
- Stay in my own home to receive care
- Maintain control and personal independence
- Assure quality care in the location of my choice
- Protect and provide my inheritance
- Peace of mind

What types of services are covered under an LTCi plan, and how much do they cost?

TYPES OF LONG-TERM CARE SERVICES TODAY*

Nursing Facility Nursing Home	Adult Foster Home Assisted Living Facility Residential Health Care	Hospice Care	Adult Day Care	Home Health Care
<p>Care received in an Institutional Care Facility due to necessity:</p> <ul style="list-style-type: none"> ▪ Skilled ▪ Intermediate ▪ Custodial 	<p>Apartment-like setting:</p> <ul style="list-style-type: none"> ▪ Provides limited personal care Assistance 	<p>Terminally Ill (6 Months)</p> <ul style="list-style-type: none"> ▪ Inpatient or ▪ In-Home Care 	<p>Community Day Care</p> <ul style="list-style-type: none"> ▪ Provides social interaction and security ▪ Relieves home care giver 	<p>Care Received In Home</p> <ul style="list-style-type: none"> ▪ Homemaker Services ▪ Personal Care ▪ Types of Services: <ul style="list-style-type: none"> - Nursing Services - RN - LPN - Health Care Aide - Personal Care Aide ▪ Therapy: <ul style="list-style-type: none"> - Speech - Respiratory - Physical Therapist

Long-term care (LTC) refers to chronic care, encompassing a broad range of supportive medical, personal, and social services required by people for an extended period of time because of medical, physical, and cognitive conditions caused by an accident, illness, or frailty. LTC involves receiving assistance or supervision of another person(s) to perform activities of daily living (ADLs) when these tasks can no longer be performed independently.

*U.S. Department of Health and Human Services, Centers for Medicare & Medicaid Services, "Types of Long-Term Care," 2007.

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What are the moving parts in a Prudential LTC3SM plan?

The screenshot displays the Prudential LTC3 software interface. The window title is "Prudential LTC3" and it includes a menu bar with "File", "Settings", "Tools", and "Help". The interface is divided into three tabs: "Applicant Information", "Policy/Benefit Information" (which is active), and "Charts/Graphs".

LTC Product: Prudential LTC3

Applicant

- Daily Benefit: \$200 (with a slider control)
- Benefit Period: 6 Years (dropdown), \$438,000 (displayed)
- Elimination Period: 90 Days (dropdown)
- Inflation Option: Simple 5% (dropdown)
- HHC Pay Option: Monthly (dropdown)
- Home Care Daily Ben: 150% (dropdown), \$300/day (displayed)
- Cash Alternative Benefit @ 40% of HHC: \$120/day (displayed)
- Premium Pay Option: Lifetime Payment (dropdown)

Riders and Options

- Waiver of Premium: Standard Waiver (dropdown)
- Shortened Ben Period
- Shared Care Benefit
- Return of Premium at Death
- Partner Discount: Single - 0% (dropdown)

Applicant: \$2,785.29 (0%) **11/12/2007**

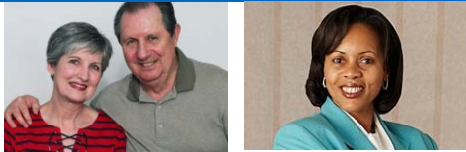
LTC3SM – Making Plan Design Simple

- ***Keeping it simple, is simple!***
 - Too many extra details will lead to confusion and indecision
- Key pieces of Prudential's LTC3 product
 - Daily Benefit (Facility)
 - Benefit Period
 - Elimination Period
 - Inflation Option
 - HHC Pay Option
 - Home Care Daily Benefit
 - Cash Alternative Benefit

LTC3SM – Making Plan Design Simple: Daily Benefit (Facility)

- **Daily Benefit** (Facility)
 - \$50 - \$500
- **Key Statement:** “Earlier in our discussion, you said that if you needed care... *<insert client’s objective>*”.
 - **Option A:** With that in mind, I’m going to suggest we start with \$____.
 - or -
 - **Option B:** The average cost of care in your area is \$____ per day. What amount of that cost would you like Prudential to cover?

LTC3SM – Plan Design Example



Option A

Option B

	<u>Option A</u>	<u>Option B</u>
Daily Benefit (Facility)	\$200	\$300

LTC3SM – Making Plan Design Simple: Benefit Period

- **Benefit Period**

- 2 – 6 years, 10 years, unlimited

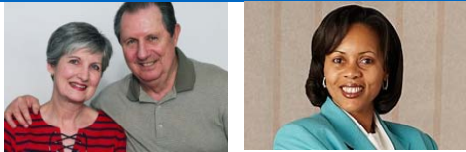
- **Key Statement:** Earlier in our discussion, you said that your objective for long-term care was *<insert client's objective>*.

- **Option A:** With that in mind, I'm going to suggest we use _____.

- or -

- **Option B:** When you need care, how long would you want Prudential to pay for that care?

LTC3SM – Plan Design Example



Option A

Option B

Daily Benefit (Facility)	\$200	\$300
Benefit Period	6 years	6 years

LTC3SM – Making Plan Design Simple: Elimination Period

■ Elimination Period

- Number of days: 30, 60, 90, 120, 180, 365
- Counted in calendar days

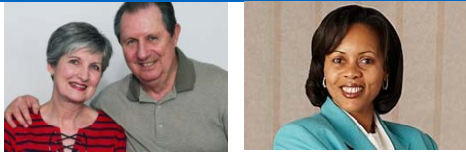
- **Key Statement:** Earlier we discussed that your health insurance (HMO, Medicare) may cover for a full 100 days; however, it's not guaranteed.

- **Option A:** With that in mind, I'm going to suggest we use _____.

- or -

- **Option B:** When your doctor and Prudential certify that you need care, how long do you want to wait before Prudential begins to pay for your care?

LTC3SM – Plan Design Example



	<u>Option A</u>	<u>Option B</u>
Daily Benefit (Facility)	\$200	\$300
Benefit Period	6 years	6 years
Elimination Period	90 days	90 days

LTC3SM – Making Plan Design Simple: Inflation Option

■ Inflation Option

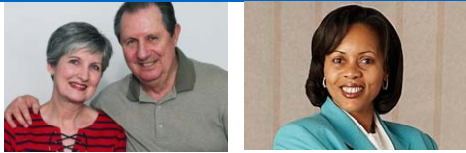
- None, GPO, Simple 5%, 5% Compound 2x Max, 5% Compound No Max, 3% Compound No Max

■ **Key Statement:** Earlier in our discussion, you said that your objective for long-term care was *<insert client's objective>*.

- **Part 1:** With that in mind, I'm going to suggest we use _____ or _____ inflation option to protect you against the rising cost of care.
- **Part 2 - Question:** Based on my description of how these inflation options work, which option do you feel best meets your needs?

Suggestion: Solution should be based on client profile

LTC3SM – Plan Design Example



	<u>Option A</u>	<u>Option B</u>
Daily Benefit (Facility)	\$200	\$300
Benefit Period	6 years	6 years
Elimination Period	90 days	90 days
Inflation Option	GPO	GPO

LTC3SM – Making Plan Design Simple: HHC Pay Option

- **HHC Pay Option**

- Daily, Monthly, or Cash

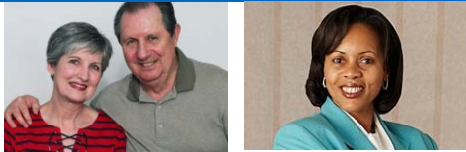
- **Key Statement:** Earlier in our discussion, you said that your objective for long-term care was *<insert client's objective>*.

- **Option A:** With that in mind, I'm going to suggest we use _____.

- or -

- **Option B:** Do you want to submit bills for reimbursement, or receive a dollar amount in cash where no receipts or bills are required?

LTC3SM – Plan Design Example



Option A

Option B

	<u>Option A</u>	<u>Option B</u>
Daily Benefit (Facility)	\$200	\$300
Benefit Period	6 years	6 years
Elimination Period	90 days	90 days
Inflation Option	GPO	GPO
HHC Pay Option	Monthly	Monthly

LTC3SM – Making Plan Design Simple: Home Care Daily Benefit

- **Home Care Daily Benefit**

- 50%, 75%, 100%, 150%

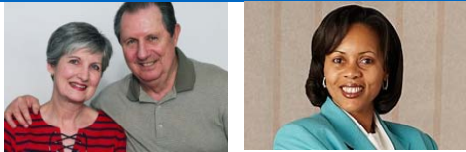
- **Key Statement:** You said that you wanted to stay in your home as long as reasonably possible...

- **Option A:** With that in mind, I'm going to suggest we use _____.

- or -

- **Option B:** When you need care in your home, do you want extra care available in your home?

LTC3SM – Plan Design Example



	<u>Option A</u>	<u>Option B</u>
Daily Benefit (Facility)	\$200	\$300
Benefit Period	6 years	6 years
Elimination Period	90 days	90 days
Inflation Option	GPO	GPO
HHC Pay Option	Monthly (\$9000)	Monthly (\$13,500)
Home Care Daily Benefit	150% (\$300)	150% (\$450)

LTC3SM – Making Plan Design Simple: Cash Alternative Benefit

■ Cash Alternative Benefit

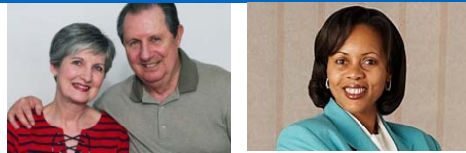
- Equal to 40% of the Home Care Daily Benefit*
- Built-in feature

■ Key Features

- Choice of reimbursement or cash can be made at time of claim, at the end of each month
 - Cash is paid to insured regardless of actual expenses incurred
 - No receipts or submission of bills needed
 - Can help pay for anything insured needs/wants – not limited to qualified long-term care services

*50% of Home Care Daily Benefit in California

LTC3SM – Plan Design Example



Option A

Option B

Daily Benefit (Facility)	\$200	\$300
Benefit Period	6 years	6 years
Elimination Period	90 days	90 days
Inflation Option	GPO	GPO
HHC Pay Option	Monthly (\$9000)	Monthly (\$13,500)
Home Care Daily Benefit	150% (\$300)	150% (\$450)
Cash Alternative Benefit @ 40% of HHC	\$3650 monthly	\$5475 monthly

LTC3SM: Sample Illustration – Inflation Options have an Impact

NF Daily Benefit	\$	200
HHC Daily Benefit (150% HHC)	\$	300
Cash Alternative Benefit (40% x HHC)	\$	120
Benefit Period Years		6
Initial "Pool Of Money" for Each Shared Care Benefit	\$	438,000 x 2
Total Initial Shared Care Amount	\$	876,000
No Inflation	\$	2,683
GPO Premium (NO Shared Care w this option)	\$	2,672
Simple	\$	4,350
Compound 2X Max	\$	4,078
Compound No Max	\$	5,989

Age 55 & 50, 90 Days, 6yrs, 150% HHC, 200 FDB, Shared Care, Monthly, Spousal Discount Applied

Features: Included in Every LTC3SM Policy

- Restoration of Benefits
- Calendar Day elimination period
- Standard Waiver of Premiums
- Cash Alternative
- Home Support Services Benefit *(50x the Facility Daily Benefit)*
- Alternate Plan of Care Benefit
- International Coverage Benefit
- Contingent Non-Forfeiture Benefit
- Care Management
 - Benefit and Resource Service
 - Care Scout
 - Private Care Consultant Benefit *(20x the Facility Daily Benefit)*

Let's Review...

The objectives of today's discussion were to assist you in

- Gaining greater competence and confidence in designing plans to meet clients' needs
- Selling a long-term care insurance plan as a holistic approach
- Understanding what is unique about Prudential's LTC3SM product

Where will you go from here?

***So, knowing what you now know...
what steps will you take today?***

Who will you call?



Next Steps

- Contact 10 people – let them know you need to spend 20-30 minutes to see if this is appropriate
- Contact 5 small groups/businesses/associations - let them know you need to spend 20-30 minutes to see if this is appropriate
- Join with another producer to plan a seminar
- Contact your attorneys and CPAs for an informational luncheon



LTC3SM long-term care insurance policy is issued by The Prudential Insurance Company of America, 751 Broad Street, Newark, NJ 07102 (800-732-0416). This coverage contains benefits, exclusions, limitations, eligibility requirements and specific terms and provisions under which the insurance coverage may be continued in force or discontinued. Prudential is authorized to conduct business in all U.S. states and the District of Columbia. Product availability varies by state. Coverage is issued under policy number GRP 113096 (in Louisiana coverage is issued under policy number GRP 114231, in North Carolina coverage is issued under GRP113598, in Virginia coverage is issued under GRP113327); however, policy numbers may vary by state.