

SERFF Tracking Number: ELAS-125525693 State: Arkansas  
Filing Company: AXA Equitable Life Insurance Company State Tracking Number: 38376  
Company Tracking Number:  
TOI: LTC03I Individual Long Term Care Sub-TOI: LTC03I.003 Other  
Product Name: Long Term Care Sales Materials  
Project Name/Number: Addressing Long-Term Care Seminar Presentations/GE-42283 (01/08) and GE-42283A (01/08)

## Filing at a Glance

Company: AXA Equitable Life Insurance Company

Product Name: Long Term Care Sales SERFF Tr Num: ELAS-125525693 State: ArkansasLH

Materials

TOI: LTC03I Individual Long Term Care

SERFF Status: Closed

State Tr Num: 38376

Sub-TOI: LTC03I.003 Other

Co Tr Num:

State Status: Filed-Closed

Filing Type: Advertisement

Co Status:

Reviewer(s): Marie Bennett, Harris Shearer

Authors: Audrey Arnold, Samra Mekbeb, Roxanne Persaud, Sabrena Lallmohamed

Disposition Date: 06/17/2008

Date Submitted: 03/10/2008

Disposition Status: Filed

Implementation Date Requested: On Approval

Implementation Date:

State Filing Description:

## General Information

Project Name: Addressing Long-Term Care Seminar Presentations

Status of Filing in Domicile: Not Filed

Project Number: GE-42283 (01/08) and GE-42283A (01/08)

Date Approved in Domicile:

Requested Filing Mode: Informational

Domicile Status Comments: We are not required to file Long Term Care sales materials, in our domiciliary state, New York.

Explanation for Combination/Other:

Market Type: Individual

Submission Type: New Submission

Group Market Size:

Overall Rate Impact:

Group Market Type:

Filing Status Changed: 06/17/2008

State Status Changed: 06/17/2008

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

Estella A. Devian

Vice President

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Telephone No.: (212) 314-2921

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estella.devian@axa-equitable.com

March 10, 2008

Ms. Julie Benafield Bowman  
Commissioner  
Arkansas Insurance Department  
1200 West Third Street  
Little Rock, AR 72201

Re: AXA Equitable Life Insurance Company (AXAEQ)  
FEIN No.: 13-5570651 NAIC No.: 968-62944  
Addressing Long-Term Care Seminar Presentations  
Form Nos.: GE-42283 (01/08) and GE-42283A (01/08)  
SERFF Tracking No.: ELAS-125525693

Dear Commissioner Bowman:

In accordance with your requirements, we are submitting the above-referenced Accelerated Death Benefit for Long-Term Care Services sales materials, for your information.

Form Nos. GE-42283 (01/08) and GE-42283A (01/08), will be used by our registered representatives, with our clients and prospects, to introduce them to our Accelerated Death Benefit for Long-Term Care Services Rider, form No. R06-90, which was approved by the Department, on July 25, 2006, SERFF Tracking No. SERT-6QJKRD668/00. Form Nos.

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GE-42283 (01/08) and GE-42283A (01/08) are new forms and do not replace any forms on file with the Department.

These seminar presentations are for informational purposes only.

We are submitting the filing fee, in the amount of \$50.00, through EFT.

If additional information is needed, please do not hesitate to contact me, at (212) 314-2921.

Sincerely,

Estella A. Devian  
Vice President

EAD:ava

Enclosures

## Company and Contact

### Filing Contact Information

Estella A. Devian, Vice President  
1290 Avenue of the Americas, 14th Floor  
New York, NY 10104  
estella.devian@axa-financial.com  
(212) 314-2921 [Phone]  
(212) 707-7493[FAX]

### Filing Company Information

AXA Equitable Life Insurance Company  
1290 Avenue of the Americas, 14-10  
New York,, NY 10104  
(212) 314-2921 ext. [Phone]  
CoCode: 62944  
Group Code: 968  
Group Name:  
FEIN Number: 13-5570651  
-----  
State of Domicile: New York  
Company Type: LIFE Insurance  
State ID Number:

SERFF Tracking Number: ELAS-125525693 State: Arkansas  
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## Filing Fees

Fee Required? Yes  
Fee Amount: \$50.00  
Retaliatory? No  
Fee Explanation:  
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
AXA Equitable Life Insurance Company	\$50.00	03/10/2008	18479069

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Marie Bennett	06/17/2008	06/17/2008

### Amendments

Item	Schedule	Created By	Created On	Date Submitted
Addressing Long-Term Care Seminar Presentation	Form	Audrey Arnold	03/13/2008	03/13/2008
Addressing Long-Term Care Seminar Presentation	Form	Audrey Arnold	03/13/2008	03/13/2008

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## Disposition

Disposition Date: 06/17/2008

Implementation Date:

Status: Filed

Comment:

Rate data does NOT apply to filing.

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Item Type	Item Name	Item Status	Public Access
Form (revised)	Addressing Long-Term Care Seminar Presentation		Yes
Form	Addressing Long-Term Care Seminar Presentation		No
Form (revised)	Addressing Long-Term Care Seminar Presentation		Yes
Form	Addressing Long-Term Care Seminar Presentation		No

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**Amendment Letter**

Amendment Date:  
 Submitted Date: 03/13/2008

**Comments:**

Please disregard the presentations we originally included with this submission. We are submitting presentations which include notes that did not appear on the previous presentations. We apologize for any inconvenience this may cause you.

**Changed Items:**

**Form Schedule Item Changes:**

**Form Schedule Item Changes:**

Form Number	Form Type	Form Name	Action	Form Action Other	Previous Filing #	Replaced Form #	Readability Score	Attachments
GE-42283 (01/08)	Advertising	Addressing Long-Term Care Seminar Presentation	Initial				0	Addressing_Long-Term_Care_Seminar_Presentation_GE42283_0108_Rev0208 (2).pdf

**Form Schedule Item Changes:**

Form Number	Form Type	Form Name	Action	Form Action Other	Previous Filing #	Replaced Form #	Readability Score	Attachments
GE-42283A (01/08)	Advertising	Addressing Long-Term Care Seminar Presentation	Initial				0	Addressing_Long-Term_Care_Sponsorship_Seminar_Presentation_GE42283A_0108_Rev0208.pdf

SERFF Tracking Number: ELAS-125525693 State: Arkansas  
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 TOI: LTC03I Individual Long Term Care Sub-TOI: LTC03I.003 Other  
 Product Name: Long Term Care Sales Materials  
 Project Name/Number: Addressing Long-Term Care Seminar Presentations/GE-42283 (01/08) and GE-42283A (01/08)

## Form Schedule

**Lead Form Number:** GE-42283 (01/08)

Review Status	Form Number	Form Type	Form Name	Action	Action Specific Data	Readability	Attachment
	GE-42283 (01/08)	Advertising	Addressing Long-Term Care Seminar Presentation	Initial		0	Addressing_Long-Term_Care_Seminar_Presentation_GE42283_0108_Rev0208 (2).pdf
	GE-42283A (01/08)	Advertising	Addressing Long-Term Care Seminar Presentation	Initial		0	Addressing_Long-Term_Care_Sponsorship_Seminar_Presentation_GE42283A_0108_Rev0208.pdf

## Addressing Long-Term Care



This seminar is for informational purposes only.

AXA Equitable Life Insurance Company (NY, NY) offers a long term care insurance rider in conjunction with certain permanent life insurance policies. Financial professionals offer the life insurance policies of AXA Equitable Life Insurance Company. Annuity and insurance products are offered through AXA Network, LLC, and its subsidiaries, including AXA Network Insurance Agency, LLC, in CA, and AXA Network Insurance Agency of Utah, in UT. Securities are offered through AXA Advisors, LLC, Member FINRA and SIPC. 1290 Avenue of the Americas, New York, NY 10104 (212) 314-4600. AXA Equitable, AXA Advisors and AXA Network are affiliated companies.

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GE-42283 (01/08)



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New York, NY 10104 (212) 554-1234



Good evening/afternoon, and welcome to our seminar “Addressing Long-Term Care Needs.” We’re delighted to see you and we know you’ll hear some helpful strategies about a very large concern people have today. That subject, of course, is helping to understand what options you have if you or a family member is faced with needing health care and assistance on a long-term basis.

My name is \_\_\_\_\_, and I’m \_\_\_\_\_ (use your approved bio)

*Presenter: Note If Applicable: Joining me this evening/afternoon are (introduce other participants). (Introduce CPA or attorney co-presenters & identify their firms).*

We are presenting this information today, because we address financial situations every day. We see that many people recognize that, without attention, the potential threat associated with the costs of needing long-term care can be devastating to themselves, a spouse, and to the assets they have built over the years.

*(Discuss break, rest room, refreshment info; cell phone etiquette; how you’ll handle questions from attendees)*

**Note to the speaker:**

*Stand-alone long-Term care products are issued by third-party carriers through AXA Network, LLC and its subsidiaries. AXA Equitable offers a long-term care insurance rider that allows the insured to accelerate the death benefit under certain circumstances.*

## Long-Term Care



- What is long-term care?
- Who needs long-term care?
- Should my financial program address long-term care concerns?
- What are some options for paying long-term care costs?
- What do we need to know about long-term care insurance?

GE-42283 (01/08)

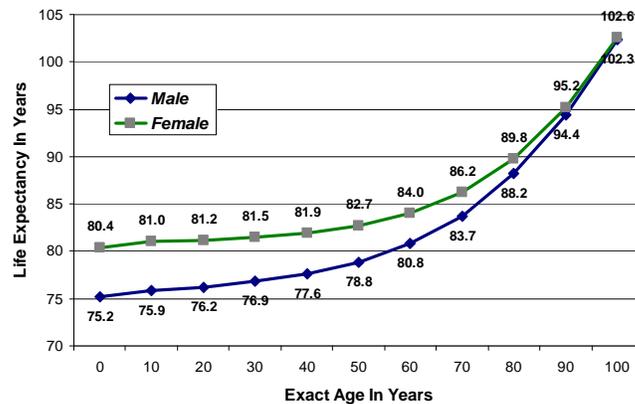


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We'll discuss some of the key issues surrounding questions like: What is long-term care? Who needs long-term care? Should my financial program address long-term care concerns? What are some options for paying long-term care costs? And what do we need to know about Long-Term Care insurance?

Before we begin, you should know that people generally who are either wealthy or poor do not have to really worry about the cost of care. If you are wealthy, you can afford private care. If you are poor (and I mean that you meet the strict income eligibility requirements), the government pays. The problem is if you fall in the middle, i.e. where most of us happen to be. First, we need to know what's happened to life expectancy and why this is such an important topic for our financial programs to address.

## Americans Have a Long Life Expectancy



Source: National Vital Statistics Report 8/21/07: Deaths, Final Data for 2004.



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Due to better technology, people today are just living longer. As you may know, once you reach “a certain age,” your life expectancy actually increases. So, if you are age 65 now, you have a longer life expectancy than a child born today.

According to the National Vital Statistics Report 2007, a new baby born in 2004 has average life expectancy of 75 if it is a boy and 80 if it is a girl. [Refer to the chart on slide.] But if you were already age 65 in 2004, you could expect, on average, to live to age 81, if you’re a man and to age 84 if you’re a woman.

But, there could be a hidden cost in terms of the quality of life, especially in the very late years of life.

## How Real Is the Risk?



- 40-50% of the U.S. population need LTC at least once during their lifetime. <sup>1</sup>
- Functional disability increases as one ages.
- In 2005,
  - 10 million people aged 18 or older needed assistance from others to perform everyday activities. 60% of them were 65 or older. <sup>2</sup>
  - 30 million had some type of activity limitation. 40% of them were 65 or older. <sup>2</sup>
- By 2020, 12 million people will need long term care. <sup>3</sup>

Source: 1) Long-Term Care Insurance, JP Morgan North America Equity Research, May 26, 2006. 2) Long-Term Care Research Report, AARP Public Policy Institute, October 2007. 3) National Clearinghouse for Long-Term Care Information, Administration on Aging, [http://www.longtermcare.gov/LTC/Main\\_Site/Understanding\\_Long\\_Term\\_Care/Basics/Basics.aspx](http://www.longtermcare.gov/LTC/Main_Site/Understanding_Long_Term_Care/Basics/Basics.aspx), updated 11/14/2007.



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That hidden threat is that a large number of people will need long-term care sometime during their lifetime. The risk is very real -- and unfortunately, much more likely than most people perceive.

It is estimated that 40-50% of the U.S. population will experience a serious incapacity requiring long-term care at least once during their lifetime.<sup>1</sup> Nevertheless, only 5% of respondents indicated that they had undertaken any long-term care planning according to a U.S. Department of Health and Human Services survey conducted in late 2004.<sup>1</sup>

People of all ages may need long-term care. Older people are the primary users of long-term services and supports because functional disability increases with advancing age. In 2005, about 10 million people age 18 or older needed assistance from others to perform everyday activities, and more than 30 million had some type of activity limitation.<sup>2</sup> About 60% of adults needing help with everyday activities, and about 40% with any activity limitation were 65 or older.<sup>2</sup> By 2020, that number of people who need long term care will increase to 12 million.<sup>3</sup>

Source:

1) Long-Term Care Insurance, JP Morgan North America Equity Research, May 26, 2006.

2) Long-Term Care *Research Report*, AARP Public Policy Institute, October 2007.

3) National Clearinghouse for Long-Term Care Information, Administration on Aging, [http://www.longtermcare.gov/LTC/Main\\_Site/Understanding\\_Long\\_Term\\_Care/Basics/Basics.aspx](http://www.longtermcare.gov/LTC/Main_Site/Understanding_Long_Term_Care/Basics/Basics.aspx), updated 11/14/2007.

## What Do We Mean by “Long-Term Care”?



- Helps people who cannot function independently
- Range of services:
  - Medical care/skilled nursing care
  - Intermediate care
  - Assistance with activities of daily living (ADLs)
- Purpose: Maintenance, not cure

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This is a good point to stop and spend some time exploring what long-term care actually is.

Broadly defined, long-term care is needed to help people who cannot function independently because of chronic physical or cognitive impairments. Essentially, long-term care helps people who cannot fully care for themselves anymore. This covers a lot of ground.

People typically think of “long-term care” as synonymous with “Nursing Home.” And, indeed, at one extreme, the term does mean “24-hour medical or skilled nursing care.” But, as you can see from the definition and from the slide, it also means, “providing assistance with activities of daily living, such as bathing and dressing,” and even, “in-home help with household activities.” These are clearly not necessarily medical needs, they include care and maintenance needs.

Limitations that could cause someone to need this kind of care can therefore range from incapability of dressing oneself all the way to a prolonged physical illness, a disability, or a cognitive disorder, such as Alzheimer’s disease.

Long-term care differs from traditional medical care, because it is meant to help people live as comfortably as possible or to compensate for limitations that keep them from functioning independently, not necessarily to cure them.

## Levels of Long-Term Care



- Custodial
- Intermediate
- Skilled

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Inside the phrase “Long-Term Care,” there are formal terms for different needs. And, as you might expect, the largest number of people need the least amount of care. In a LTC facility:

- Custodial care is the lowest level of care. Custodial care provides aid to an individual who cannot independently perform the normal activities of daily living (also called ADLs).

Custodial care does not require the supervision of a licensed medical professional. A licensed practical nurse or nurse’s aide can provide the needed services. Many people who need long-term care, will need custodial care.

- Intermediate care describes nursing and rehabilitation services that must be supervised by a licensed medical professional. Licensed practical nurses or nurses’ aides can provide the day-to-day administration of intermediate care, but a doctor, registered nurse, or physical therapist must supervise the treatment.
- Skilled care is the highest level of care and is provided by licensed medical professionals, such as doctors, registered nurses and physical therapists.

## Custodial Care: Activities of Daily Living (ADL)



- Bathing
- Continence
- Dressing
- Eating
- Toileting
- Transferring

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Since the largest need is for custodial care, let's take a closer look at that category. This is the label for the assistance required when a person cannot perform one or more critical, normal, "Activities of Daily Living." These ADLs are activities that relate to one's ability to live independently.

ADLs include:

Bathing

Continence – being able to maintain bowel and bladder control

Dressing

Eating

Toileting – getting to and from the toilet and being able to perform the associated personal hygiene

Transferring – being able to move from a bed to a chair, for example

Again, most people who require long-term care need it for help with these types of activities. These are **not** medical needs, they are normal functions of independent living.

## Long-Term Care Delivery



### *It's Not Just Nursing Homes!*

- In your own home
- Independent living facilities
- Continuing care retirement communities
- Assisted living facilities
- Adult day care centers
- Hospices
- Alzheimer's centers
- Nursing homes

Note: Not all policies will cover care received in the above facilities. If covered, the person must generally be unable to perform two of six ADLs to qualify.

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Today, people have more choices for meeting various long-term care needs than ever before. Services are delivered in many types of facilities and settings, depending on your preferences and on the level of care you may require. Many facilities offer graduated levels of care within one facility. Some long-term care options include:

**Home Health Care:** Care provided in the patient's home. This care may be supplemented by a spouse, family members, friends, or community organizations.

**Independent Living Facilities:** For seniors who are in reasonably good health and who have adequate finances. Usually, this is an apartment or condominium complex that provides residents with services that free them from heavy housekeeping, yard work and maintenance chores.

**Continuing Care Retirement Communities:** Residents are guaranteed access to multiple levels of care and services, including nursing home services, for as long as they remain in the community. This kind of facility encourages and supports independent living for as long as possible.

**Assisted Living Facilities:** These are not nursing homes, but are sometimes referred to as "residential care" or "board and care" facilities. They are appropriate for people who do not need intense *medical* care, but who simply cannot maintain independence because they require ongoing assistance with activities of daily living (ADLs).

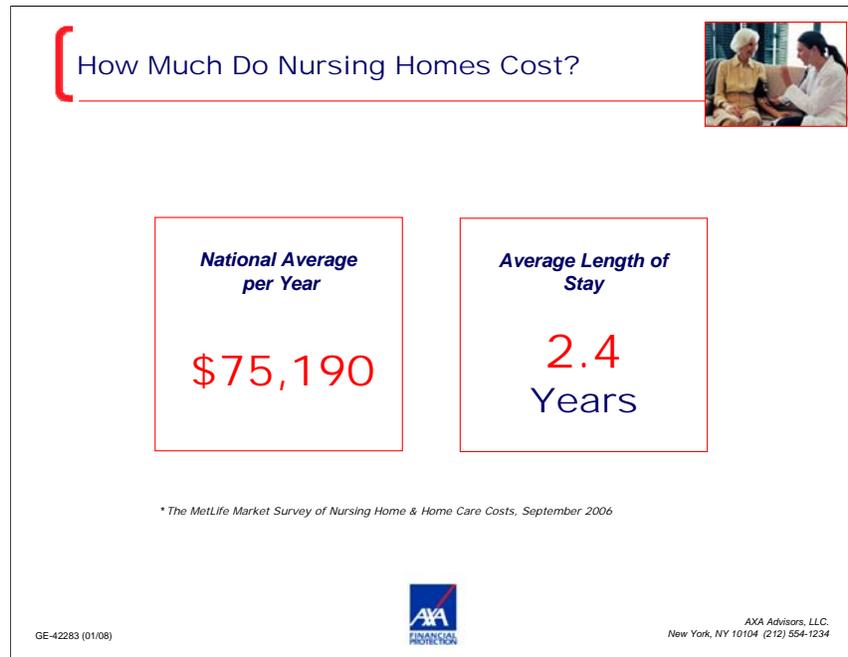
**Adult Day Care Centers:** These provide a safe environment for elderly or disabled persons who, although needing assistance with the activities of daily living or who are cognitively impaired, can still leave their homes for the day.

**Hospices:** Hospice care is designed for those persons who are certified as terminally ill.

**Alzheimer's Centers:** A LTC facility that specializes in caring for Alzheimer's patients.

**Nursing Homes:** Provide all levels of care, plus skilled nursing care, around the clock if necessary.

Note that not all policies will cover care received in the above facilities. If covered, the person must generally be unable to perform two of six ADLs to qualify.



Long-term care of any kind can be very expensive, so it's not surprising that people worry about paying for it.

Let's begin with nursing home costs.

In 2006, the national average cost for a one-year stay in a nursing home was \$75,190 according to The MetLife Market Survey of Nursing Home & Home Care Costs, September 2006. Keep in mind that this \$75,190 annual cost is a national average. You will find parts of the country in which the cost will be lower and parts in which it will be higher, along with local variations depending on the facilities themselves. Of course, the cost varies by specific facility as well.

According to the same survey, the average length of a nursing home stay is about 2.4 years. Again, this is a national average. Data shows that 17.8% of residents stay for less than 3 months, and that 57.2% stay for more than 1 year.

## Cost of Assisted-Living Facilities



### **Average National Cost for Assisted-Living Facilities**

**\$2,714.38 / month**

**\$32,572.56 / year**

Source: Genworth Financial 2007 Cost of Care Survey, March 2007.

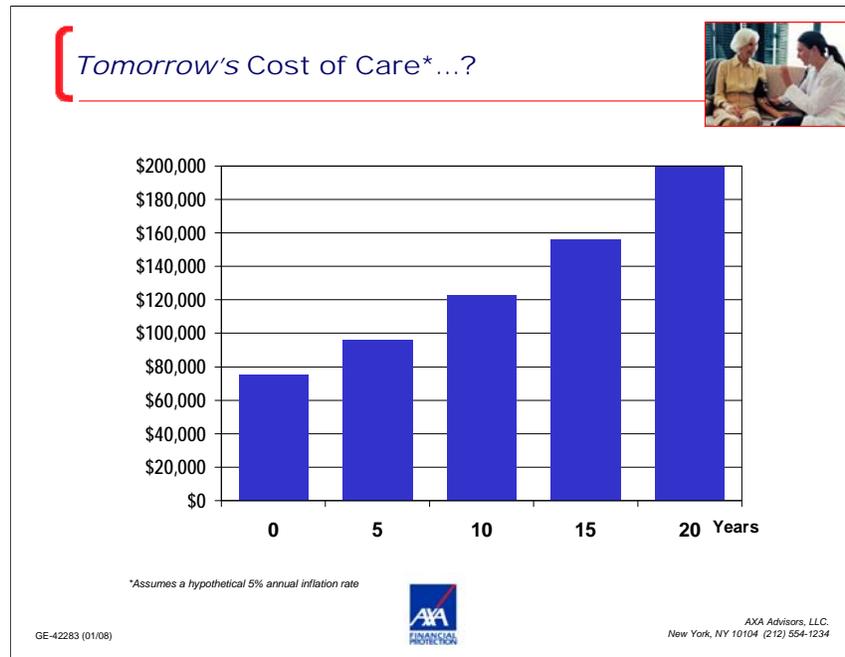
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And nursing homes are not the only type of long-term care facility that carries a significant price tag.

According to *Genworth Financial 2007 Cost of Care Survey*, the average cost of an assisted-living facility is about \$2,700 per month depending on the geographical location and the quality of the facility.



Compounding the problem is that these are **today's** costs. Remember our discussion on inflation? You may not need long-term care for many years from now – perhaps even 20 or 30 years from now, if you're only in your 50's or 60's.

Let's return to the average cost of an average nursing home stay. Just assuming a modest 5% annual inflation rate in the cost of long-term care . . .

. . . in 20 years, that \$75,190 average annual cost would be \$199,501. So that a 2.4 years stay could easily cost more than \$478,000.

Before we go on, let me ask you a couple of questions. By a show of hands:

- How many of you have known someone who has needed long-term care, either in a nursing home or in another type of long-term care facility?
- How many of you want the option of a choice of services for yourself in the future?

OK, let's take a look at options for paying for long-term care needs.

## Financing Long-Term Care



- There are several options to financing long-term care. Some strategies place a greater financial burden on families than others.
  - Medicare/Medigap (Medicare Supplement Insurance)
  - Medicaid
  - Personal Income and Assets (Including Assistance from Family)
  - Third-Party: Long-Term Care Insurance

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Let's take a long hard look at the realities of financing long-term care needs. And, along the way, we'll explore a couple of common misconceptions about the government's investment in long-term care services. Those would be Medicare, and Medicaid--very different programs! For those with sufficient personal means AND for those without and who have not done any planning, personal income and assets may become the only option. Children or other family or charitable groups may help. Finally, we'll look at a relatively new option, shifting the financial risk to a third party through long-term care insurance.

## Medicare Only Covers Some Costs



- Medicare is designed to cover most or all expenses for acute, short-term care, such as:
  - Doctor bills
  - Hospital bills
- Medicare pays only for medically necessary skilled nursing facility (SNF) care
  - Generally, skilled care is available only for a short time after a hospitalization
- The care must be designed to restore the patient's health

GE-42283 (01/08)



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Let's look at Medicare.

Up until recent years, there was a widespread perception that Medicare would pay for whatever long-term care was needed. Fortunately, most people are now aware that is not and never was the case, so they are making plans to prepare for this expense using other resources. Let's briefly cover just what Medicare is and will pay for:

Generally, Medicare does not pay for long-term care. As we discussed before, most long-term care is considered to be "custodial care." Custodial care is non-skilled, personal care, such as help with activities of daily living like bathing, dressing, eating, getting in or out of bed or chair, and using the bathroom. Medicare does not pay for custodial care.

Medicare covers skilled care in a skilled nursing facility (SNF) under certain conditions for a limited time. Skilled care is health care given when you need skilled nursing or rehabilitation staff to manage, observe, and evaluate your care. Examples of skilled care are changing sterile dressings and physical therapy. It is given in a Medicare-certified SNF. Care that can be given by non-professional staff isn't considered skilled care. Medicare covers certain skilled care services that are needed daily on a short-term basis (generally up to 100 days).

Medigap insurance is a Medicare supplement insurance. This is intended to cover costs Medicare does not, such as co-payments, deductibles or excess fees. But, if Medicare does not cover a particular service, neither will Medigap. So, from a long-term care perspective, Medigap coverage won't pay for any additional services that Medicare doesn't.

## Medicaid



- A federal medical program
- Must qualify by falling below certain income and asset levels
- Private facilities not required to accept Medicaid patients
- Limits choice

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Now there IS a government program that will pay for long-term care under some circumstances. That's Medicaid. Medicaid is VERY different from Medicare, the Social Security program, and let's be REAL clear on just what Medicaid is.

Medicaid is a public health care program jointly funded by both the state and federal governments. Medicaid pays for medical costs for elderly and low-income individuals whose assets and income fall below certain income eligibility requirements.

Private long-term care facilities are not required to accept Medicaid patients. Often they don't, because the government payment for each patient may not be high enough to cover the facility's costs.

Eligibility requirements for Medicaid are complex and vary from state to state. Besides the requirement of medical need, Medicaid eligibility is determined by assets and income tests. Even if there is a spouse left at home when the other needs long-term care, you could be forced to deplete certain assets before qualifying for coverage. In 2005, for example, a spouse may keep one half of the couples' joint assets up to \$95,100 as well as a monthly income allowance.\* The government will spell out just what you can keep. The bottom line is that Medicaid is a safety-net program. It is not intended for those with substantial means and is not a pro-active choice for many people.

***Note to presenter: you should know the income and asset thresholds in your state.***

***\*These are general federal guidelines. The specific rules in your state may differ somewhat.***

## Personal Income and Assets



- Most typical arrangement
- Is there enough for both spouses?
- Can one continue to live at home?

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Since the government doesn't pay for long-term care on an ongoing basis unless you meet strict income eligibility requirements, most people have traditionally relied on their incomes and accumulated assets to fund long-term care needs.

For some, due to health and assets, it's not a strain; for others, there's a need to cobble together a patchwork of friends, family, local community services, and carefully selected hours or days of paid help. If you have ever been involved in one of these situations, you probably won't underestimate the strain that can be involved. (*Accurately tell personal story, if you have one*). It can be difficult for the patient him or herself, as choice slip away, and it can be difficult for the family who worries about something falling through or falling apart entirely.

That is compounded when there is a second spouse who may be increasingly unable to meet the needs of the person requiring more extensive care. Much of the success of assisted-living or continuing care facilities probably has to do with the fact that they relieve couples of this worry about the fate of the second spouse.

Additionally, there is often the worry that caring for one spouse will consume most of the couple's assets, leaving little for the second, should it be needed. Nonetheless, absent personal wealth, that was the only option available to retirees until the past 3 decades or so.

## Long-Term Care Insurance



- An insurance policy which pays a daily cash benefit
- Depending upon the individual policy, benefits can be used for:
  - Nursing home
  - Assisted living facilities
  - At-home care
  - Qualifying medical expenses not covered by Medicare
- If certain eligibility requirements are met, LTC insurance helps preserve financial independence, choice and dignity

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About 30 years ago or so, another option came on the scene. And that is long-term care insurance. This coverage is sold by various insurance companies [through AXA Network, LLC and its subsidiaries\*]. Like any other kind of insurance, it's designed to help protect people against potentially significant financial consequences resulting from a serious event.

Boiled down to basics, long-term care insurance pays a daily benefit for qualifying LTC expenses which can be used under certain circumstances, to help offset the cost of a nursing home, assisted-care facility, adult day care center, at-home care, and/or qualifying medical expenses not covered by Medicare, subject to the terms of the policy. It is this flexibility which is most appealing. Often, the money helps to enable people to do just what they want to do in the first place: stay in their homes.

Thus, because the benefit is paid to the individual policy owner, long-term care insurance can also help individuals keep control of their long-term care choices and, therefore, help maintain dignity and financial independence. It can help protect assets and income for a healthy spouse, and help to reduce dependency on friends and family significantly.

This is real peace-of-mind for many people. This insurance can also be useful to help protect assets and reduce the risk of significantly impacting an estate – should a family member need long-term care. Insurance premiums reflect age, health and coverage desired and, therefore, should be purchased when healthy. Like any other kind of insurance, you probably can't buy it if you already need the benefit!

**\* Note to the speaker:**

*Stand-alone long-Term care products are issued by third-party carriers through AXA Network, LLC and its subsidiaries. AXA Equitable offers a long-term care insurance rider that allows the insured to accelerate the death benefit under certain circumstances.*

## Issues That Affect Premium



- Age
- Health at time of issue
- Home/community-based health care benefit
- Amount and length of benefit
- Length of the elimination period
- Inflation protection

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Let's look a little closer at major issues that affect premiums for long-term care insurance. This is a popular product for obvious reasons, so it pays to be informed.

First of course, premium is affected by your age when the policy is issued. The younger you are, the lower the annual premium will be--all other things being equal.

The next critical factor is your health. No one knows exactly if or when the need for long-term care will arise. It is important to purchase long-term care insurance while you are in good health. If you wait and become sickly, you might not qualify for it, and even if you do qualify, the premium is likely to be higher.

Another factor affecting premium is benefits choices. You will have a choice in the amount of benefit for nursing home coverage, and perhaps also as to the amount of benefit you want for at-home and community-based care in addition to nursing home coverage. While there are facility-only plans available, most policies offer integrated coverage. You will probably also have a choice of how long the benefit will continue to be paid. Of course, all other things being equal, the higher the daily benefit amount, and the longer the benefit period, the higher the premiums.

Then, there's the length of Elimination Period you select. The elimination period is the amount of time between the start of the long-term care need and when the insurance benefit actually begins to be paid from the policy. During the elimination period no benefits are paid, and the care is financed by other sources. The longer the elimination period, the lower the annual premium, all other things being equal.

You may have the option to select an inflation protection rider, designed to help the policy benefits keep pace with inflation. Since you may not need benefits for 10 or 20 years from when you purchase the policy, we've seen that costs could rise dramatically. An inflation protection rider which compounds will increase the daily benefit amount at a faster pace than a simple inflation rider. All other things being equal, the compound inflation rider will be more expensive than the simple inflation rider.

## Policy Considerations



- Tax qualified in your state?
- Benefit triggers clearly defined
- No conditions precedent to activate benefits
- Affordability of the elimination period selected
- Guaranteed renewable
- Financially stable company

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There are several other important considerations in selecting a long-term care insurance product. First, you should determine if the policy you are considering is a tax-qualified policy which takes advantage of tax incentives created by the Health Insurance Portability and Accountability Act.\* Under this, if individuals privately fund for their potential long-term care expenses, they may receive tax incentives (income tax-free benefits and deductible premiums--subject to limits--to the extent you can itemize your unreimbursed medical expenses). This will vary by state of residence.

Second, you want to make sure the event that triggers benefits is clearly defined. There should also be no conditions precedent to activate benefits. For example, there should not be a requirement in the policy that you need to receive skilled care or be hospitalized (not permitted in Tax Qualified Policies) before you can receive benefits from the policy. While most modern policies do not have these requirements, it is important to check.

Third, make sure that you can afford the necessary care from your own pocket during the elimination period (the period where no benefits are paid to the insured).

Also, you want to be sure the policy is guaranteed renewable, which means that coverage cannot be cancelled except for nonpayment of premium (absent fraud on your part). Most modern policies are guaranteed renewable, but check to be sure. (Tax Qualified Policies must be guaranteed renewable.) With guaranteed renewable policies, premiums are projected to remain level. However, a carrier could increase premiums for a specific class of policyholders with the approval of state insurance departments.\*\*

Finally, be sure the policy you are considering is issued by a reputable, financially stable insurer.

\*(Note to Presenter: Know if there are tax incentive(s) for your state.)

\*\*Some policies are non-cancelable. Be sure you know the difference and can discuss if question comes up.

## Long-Term Care Insurance — An Option to Help



- Transfer financial risk
- Provide the care you want
- Preserve financial independence
- Alleviate pressure on family
- Protect property and assets

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Long-term care insurance is a risk-shifting tool that has absolutely taken off in the last decade. As we've seen from our review of the likelihood of need and the ever-rising costs of providing it, there's very good reason for this.

It can help provide the care that you and your family decide is appropriate, thus preserving choice, financial independence and dignity. This can relieve family members both financially and emotionally if they don't have to face decisions that may deplete assets prematurely and worry about appropriate care being available. Having the money when it is needed can help preserve remaining personal assets for the second spouse, or for the next generation, if that is appropriate in your situation.

When it comes to long-term care, planning ahead does make a difference. If you believe there are reasons on this list that are important to you, then I suggest looking into this option with your financial professionals.

## Addressing Long-Term Care



### **Your Role:**

- Know your goals
- Know where you stand on achieving them

### **Our Role:**

- To assist you and your advisors in developing a strategy to help keep you on track for financial security

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You have a role and your financial professionals have a role. Your role is to know your goals and assets. Our role is to help you and your advisors fund a program that can help move you closer to achieving financial success with the financial products we offer.

Thank you very much for attending this seminar. I hope you've enjoyed it and learned something about addressing this possible impact on your financial well being. I do want to emphasize that planning can be complicated and all of our suggestions should be reviewed by your own legal or tax advisor before being implemented.

If you'd like to schedule a one-on-one appointment and are fortunate enough to know your schedule, there's a calendar at the back of the room. Feel free to write yourself in at a convenient time. **[Note to presenter: Be sure to have a calendar.]**

This concludes this afternoon's/evening's formal presentation. We invite you to stay a few moments and enjoy the refreshments. My associates and I will be happy to talk to you one-on-one about this important topic.

## Workshop Evaluation



Please complete evaluation form and hand it in  
before you leave.

Schedule time to meet for a personal consultation.

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Finally, I (we) have two favors to ask of you. The first favor is that you complete the evaluation form provided both honestly and candidly so that we might improve our workshop for others. The second favor is that you sign up for an initial consultation with us. I'll explain more about this after the presentation, but we provide a no cost, no obligation consultation for you to determine if we can be of service to you on an individual basis. We find that most who attend our briefings do sign up for an initial consultation. We are interested in forming working relationships with many of you and many who come in do become clients.

Thank you and we look forward to working with you.

## Addressing Long-Term Care



This seminar is for informational purposes only.

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Good evening/afternoon, and welcome to our seminar “Addressing Long-Term Care Needs.” We’re delighted to see you and we know you’ll hear some helpful strategies about a very large concern people have today. That subject, of course, is helping to understand what options you have if you or a family member is faced with needing health care and assistance on a long-term basis.

My name is \_\_\_\_\_, and I’m \_\_\_\_\_ (use your approved bio)

*Presenter: Note If Applicable: Joining me this evening/afternoon are (introduce other participants). (Introduce CPA or attorney co-presenters & identify their firms).*

We are presenting this information today, because we address financial situations every day. We see that many people recognize that, without attention, the potential threat associated with the costs of needing long-term care can be devastating to themselves, a spouse, and to the assets they have built over the years.

*(Discuss break, rest room, refreshment info; cell phone etiquette; how you’ll handle questions from attendees)*

**Note to the speaker:**

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## Long-Term Care



- What is long-term care?
- Who needs long-term care?
- Should my financial program address long-term care concerns?
- What are some options for paying long-term care costs?
- What do we need to know about long-term care insurance?

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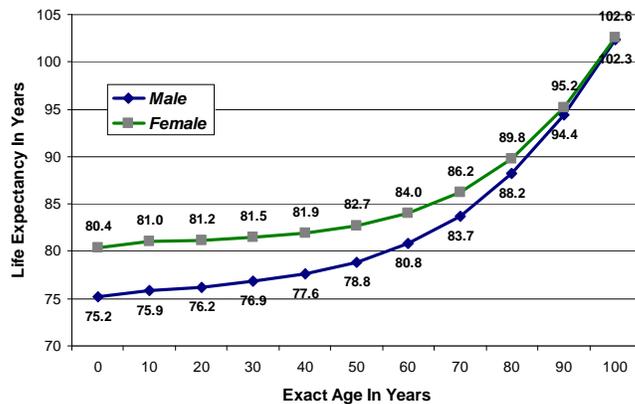


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We'll discuss some of the key issues surrounding questions like: What is long-term care? Who needs long-term care? Should my financial program address long-term care concerns? What are some options for paying long-term care costs? And what do we need to know about Long-Term Care insurance?

Before we begin, you should know that people generally who are either wealthy or poor do not have to really worry about the cost of care. If you are wealthy, you can afford private care. If you are poor (and I mean that you meet the strict income eligibility requirements), the government pays. The problem is if you fall in the middle, i.e. where most of us happen to be. First, we need to know what's happened to life expectancy and why this is such an important topic for our financial programs to address.

## Americans Have a Long Life Expectancy



Source: National Vital Statistics Report 8/21/07: Deaths, Final Data for 2004.



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Due to better technology, people today are just living longer. As you may know, once you reach “a certain age,” your life expectancy actually increases. So, if you are age 65 now, you have a longer life expectancy than a child born today.

According to the National Vital Statistics Report 2007, a new baby born in 2004 has average life expectancy of 75 if it is a boy and 80 if it is a girl. [Refer to the chart on slide.] But if you were already age 65 in 2004, you could expect, on average, to live to age 81, if you’re a man and to age 84 if you’re a woman.

But, there could be a hidden cost in terms of the quality of life, especially in the very late years of life.

## How Real Is the Risk?



- 40-50% of the U.S. population need LTC at least once during their lifetime. <sup>1</sup>
- Functional disability increases as one ages.
- In 2005,
  - 10 million people aged 18 or older needed assistance from others to perform everyday activities. 60% of them were 65 or older. <sup>2</sup>
  - 30 million had some type of activity limitation. 40% of them were 65 or older. <sup>2</sup>
- By 2020, 12 million people will need long term care. <sup>3</sup>

Source: 1) Long-Term Care Insurance, JP Morgan North America Equity Research, May 26, 2006. 2) Long-Term Care Research Report, AARP Public Policy Institute, October 2007. 3) National Clearinghouse for Long-Term Care Information, Administration on Aging, [http://www.longtermcare.gov/LTC/Main\\_Site/Understanding\\_Long\\_Term\\_Care/Basics/Basics.aspx](http://www.longtermcare.gov/LTC/Main_Site/Understanding_Long_Term_Care/Basics/Basics.aspx), updated 11/14/2007.



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That hidden threat is that a large number of people will need long-term care sometime during their lifetime. The risk is very real -- and unfortunately, much more likely than most people perceive.

It is estimated that 40-50% of the U.S. population will experience a serious incapacity requiring long-term care at least once during their lifetime.<sup>1</sup> Nevertheless, only 5% of respondents indicated that they had undertaken any long-term care planning according to a U.S. Department of Health and Human Services survey conducted in late 2004.<sup>1</sup>

People of all ages may need long-term care. Older people are the primary users of long-term services and supports because functional disability increases with advancing age. In 2005, about 10 million people age 18 or older needed assistance from others to perform everyday activities, and more than 30 million had some type of activity limitation.<sup>2</sup> About 60% of adults needing help with everyday activities, and about 40% with any activity limitation were 65 or older.<sup>2</sup> By 2020, that number of people who need long term care will increase to 12 million.<sup>3</sup>

Source:

1) Long-Term Care Insurance, JP Morgan North America Equity Research, May 26, 2006.

2) Long-Term Care *Research Report*, AARP Public Policy Institute, October 2007.

3) National Clearinghouse for Long-Term Care Information, Administration on Aging, [http://www.longtermcare.gov/LTC/Main\\_Site/Understanding\\_Long\\_Term\\_Care/Basics/Basics.aspx](http://www.longtermcare.gov/LTC/Main_Site/Understanding_Long_Term_Care/Basics/Basics.aspx), updated 11/14/2007.

## What Do We Mean by “Long-Term Care”?



- Helps people who cannot function independently
- Range of services:
  - Medical care/skilled nursing care
  - Intermediate care
  - Assistance with activities of daily living (ADLs)
- Purpose: Maintenance, not cure

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This is a good point to stop and spend some time exploring what long-term care actually is.

Broadly defined, long-term care is needed to help people who cannot function independently because of chronic physical or cognitive impairments. Essentially, long-term care helps people who cannot fully care for themselves anymore. This covers a lot of ground.

People typically think of “long-term care” as synonymous with “Nursing Home.” And, indeed, at one extreme, the term does mean “24-hour medical or skilled nursing care.” But, as you can see from the definition and from the slide, it also means, “providing assistance with activities of daily living, such as bathing and dressing,” and even, “in-home help with household activities.” These are clearly not necessarily medical needs, they include care and maintenance needs.

Limitations that could cause someone to need this kind of care can therefore range from incapability of dressing oneself all the way to a prolonged physical illness, a disability, or a cognitive disorder, such as Alzheimer’s disease.

Long-term care differs from traditional medical care, because it is meant to help people live as comfortably as possible or to compensate for limitations that keep them from functioning independently, not necessarily to cure them.

## Levels of Long-Term Care



- Custodial
- Intermediate
- Skilled

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Inside the phrase “Long-Term Care,” there are formal terms for different needs. And, as you might expect, the largest number of people need the least amount of care. In a LTC facility:

- Custodial care is the lowest level of care. Custodial care provides aid to an individual who cannot independently perform the normal activities of daily living (also called ADLs).

Custodial care does not require the supervision of a licensed medical professional. A licensed practical nurse or nurse’s aide can provide the needed services. Many people who need long-term care, will need custodial care.

- Intermediate care describes nursing and rehabilitation services that must be supervised by a licensed medical professional. Licensed practical nurses or nurses’ aides can provide the day-to-day administration of intermediate care, but a doctor, registered nurse, or physical therapist must supervise the treatment.
- Skilled care is the highest level of care and is provided by licensed medical professionals, such as doctors, registered nurses and physical therapists.

## Custodial Care: Activities of Daily Living (ADL)



- Bathing
- Continence
- Dressing
- Eating
- Toileting
- Transferring

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Since the largest need is for custodial care, let's take a closer look at that category. This is the label for the assistance required when a person cannot perform one or more critical, normal, "Activities of Daily Living." These ADLs are activities that relate to one's ability to live independently.

ADLs include:

Bathing

Continence – being able to maintain bowel and bladder control

Dressing

Eating

Toileting – getting to and from the toilet and being able to perform the associated personal hygiene

Transferring – being able to move from a bed to a chair, for example

Again, most people who require long-term care need it for help with these types of activities. These are **not** medical needs, they are normal functions of independent living.

## Long-Term Care Delivery



### *It's Not Just Nursing Homes!*

- In your own home
- Independent living facilities
- Continuing care retirement communities
- Assisted living facilities
- Adult day care centers
- Hospices
- Alzheimer's centers
- Nursing homes

Note: Not all policies will cover care received in the above facilities. If covered, the person must generally be unable to perform two of six ADLs to qualify.

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Today, people have more choices for meeting various long-term care needs than ever before. Services are delivered in many types of facilities and settings, depending on your preferences and on the level of care you may require. Many facilities offer graduated levels of care within one facility. Some long-term care options include:

**Home Health Care:** Care provided in the patient's home. This care may be supplemented by a spouse, family members, friends, or community organizations.

**Independent Living Facilities:** For seniors who are in reasonably good health and who have adequate finances. Usually, this is an apartment or condominium complex that provides residents with services that free them from heavy housekeeping, yard work and maintenance chores.

**Continuing Care Retirement Communities:** Residents are guaranteed access to multiple levels of care and services, including nursing home services, for as long as they remain in the community. This kind of facility encourages and supports independent living for as long as possible.

**Assisted Living Facilities:** These are not nursing homes, but are sometimes referred to as "residential care" or "board and care" facilities. They are appropriate for people who do not need intense *medical* care, but who simply cannot maintain independence because they require ongoing assistance with activities of daily living (ADLs).

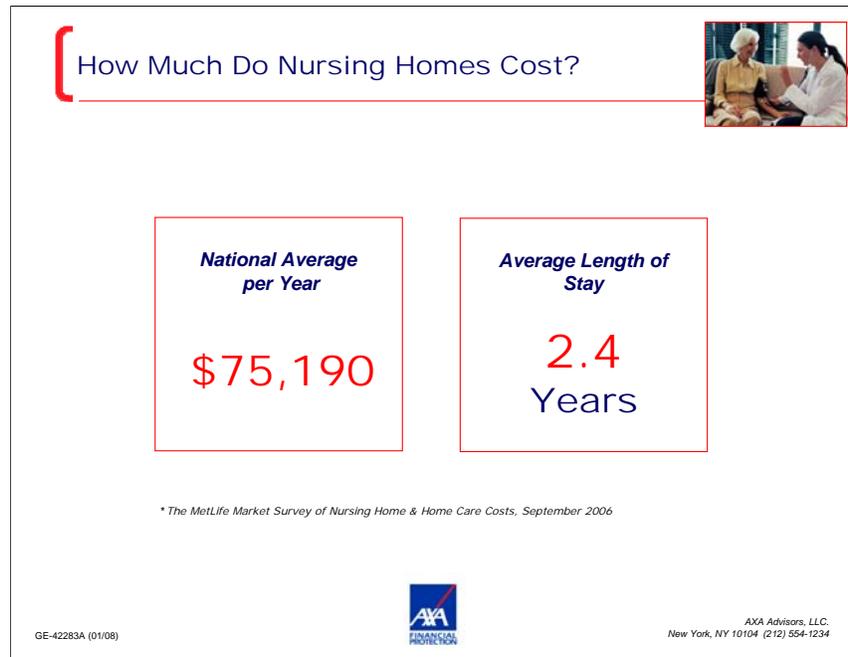
**Adult Day Care Centers:** These provide a safe environment for elderly or disabled persons who, although needing assistance with the activities of daily living or who are cognitively impaired, can still leave their homes for the day.

**Hospices:** Hospice care is designed for those persons who are certified as terminally ill.

**Alzheimer's Centers:** A LTC facility that specializes in caring for Alzheimer's patients.

**Nursing Homes:** Provide all levels of care, plus skilled nursing care, around the clock if necessary.

Note that not all policies will cover care received in the above facilities. If covered, the person must generally be unable to perform two of six ADLs to qualify.



Long-term care of any kind can be very expensive, so it's not surprising that people worry about paying for it.

Let's begin with nursing home costs.

In 2006, the national average cost for a one-year stay in a nursing home was \$75,190 according to The MetLife Market Survey of Nursing Home & Home Care Costs, September 2006. Keep in mind that this \$75,190 annual cost is a national average. You will find parts of the country in which the cost will be lower and parts in which it will be higher, along with local variations depending on the facilities themselves. Of course, the cost varies by specific facility as well.

According to the same survey, the average length of a nursing home stay is about 2.4 years. Again, this is a national average. Data shows that 17.8% of residents stay for less than 3 months, and that 57.2% stay for more than 1 year.

## Cost of Assisted-Living Facilities



### **Average National Cost for Assisted-Living Facilities**

**\$2,714.38 / month**

**\$32,572.56 / year**

Source: Genworth Financial 2007 Cost of Care Survey, March 2007.

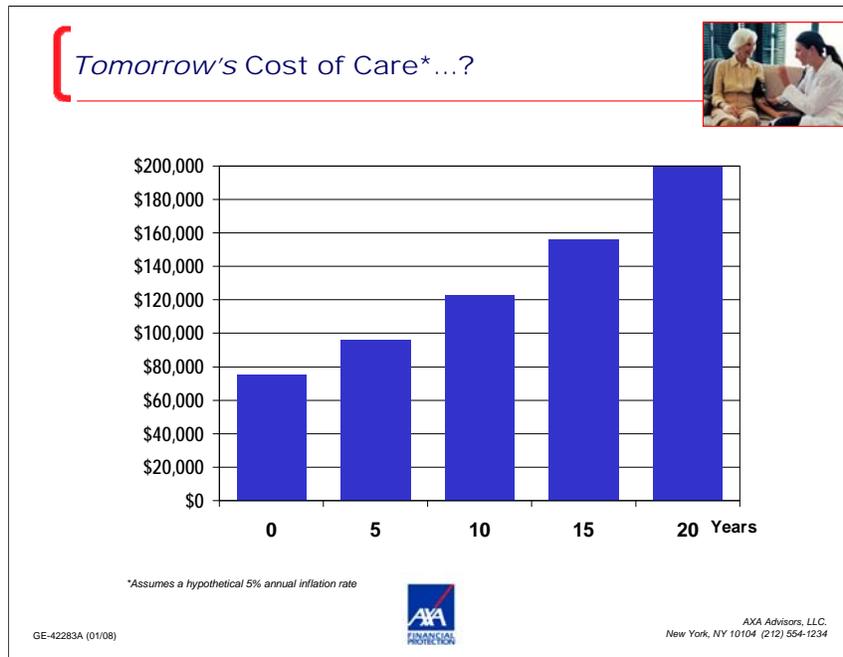
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And nursing homes are not the only type of long-term care facility that carries a significant price tag.

According to *Genworth Financial 2007 Cost of Care Survey*, the average cost of an assisted-living facility is about \$2,700 per month depending on the geographical location and the quality of the facility.



Compounding the problem is that these are **today's** costs. Remember our discussion on inflation? You may not need long-term care for many years from now – perhaps even 20 or 30 years from now, if you're only in your 50's or 60's.

Let's return to the average cost of an average nursing home stay. Just assuming a modest 5% annual inflation rate in the cost of long-term care . . .

. . . in 20 years, that \$75,190 average annual cost would be \$199,501. So that a 2.4 years stay could easily cost more than \$478,000.

Before we go on, let me ask you a couple of questions. By a show of hands:

- How many of you have known someone who has needed long-term care, either in a nursing home or in another type of long-term care facility?
- How many of you want the option of a choice of services for yourself in the future?

OK, let's take a look at options for paying for long-term care needs.

## Financing Long-Term Care



- There are several options to financing long-term care. Some strategies place a greater financial burden on families than others.
  - Medicare/Medigap (Medicare Supplement Insurance)
  - Medicaid
  - Personal Income and Assets (Including Assistance from Family)
  - Third-Party: Long-Term Care Insurance

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Let's take a long hard look at the realities of financing long-term care needs. And, along the way, we'll explore a couple of common misconceptions about the government's investment in long-term care services. Those would be Medicare, and Medicaid--very different programs! For those with sufficient personal means AND for those without and who have not done any planning, personal income and assets may become the only option. Children or other family or charitable groups may help. Finally, we'll look at a relatively new option, shifting the financial risk to a third party through long-term care insurance.

## Medicare Only Covers Some Costs



- Medicare is designed to cover most or all expenses for acute, short-term care, such as:
  - Doctor bills
  - Hospital bills
- Medicare pays only for medically necessary skilled nursing facility (SNF) care
  - Generally, skilled care is available only for a short time after a hospitalization
- The care must be designed to restore the patient's health

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Let's look at Medicare.

Up until recent years, there was a widespread perception that Medicare would pay for whatever long-term care was needed. Fortunately, most people are now aware that is not and never was the case, so they are making plans to prepare for this expense using other resources. Let's briefly cover just what Medicare is and will pay for:

Generally, Medicare does not pay for long-term care. As we discussed before, most long-term care is considered to be "custodial care." Custodial care is non-skilled, personal care, such as help with activities of daily living like bathing, dressing, eating, getting in or out of bed or chair, and using the bathroom. Medicare does not pay for custodial care.

Medicare covers skilled care in a skilled nursing facility (SNF) under certain conditions for a limited time. Skilled care is health care given when you need skilled nursing or rehabilitation staff to manage, observe, and evaluate your care. Examples of skilled care are changing sterile dressings and physical therapy. It is given in a Medicare-certified SNF. Care that can be given by non-professional staff isn't considered skilled care. Medicare covers certain skilled care services that are needed daily on a short-term basis (generally up to 100 days).

Medigap insurance is a Medicare supplement insurance. This is intended to cover costs Medicare does not, such as co-payments, deductibles or excess fees. But, if Medicare does not cover a particular service, neither will Medigap. So, from a long-term care perspective, Medigap coverage won't pay for any additional services that Medicare doesn't.

## Medicaid



- A federal medical program
- Must qualify by falling below certain income and asset levels
- Private facilities not required to accept Medicaid patients
- Limits choice

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Now there IS a government program that will pay for long-term care under some circumstances. That's Medicaid. Medicaid is VERY different from Medicare, the Social Security program, and let's be REAL clear on just what Medicaid is.

Medicaid is a public health care program jointly funded by both the state and federal governments. Medicaid pays for medical costs for elderly and low-income individuals whose assets and income fall below certain income eligibility requirements.

Private long-term care facilities are not required to accept Medicaid patients. Often they don't, because the government payment for each patient may not be high enough to cover the facility's costs.

Eligibility requirements for Medicaid are complex and vary from state to state. Besides the requirement of medical need, Medicaid eligibility is determined by assets and income tests. Even if there is a spouse left at home when the other needs long-term care, you could be forced to deplete certain assets before qualifying for coverage. In 2005, for example, a spouse may keep one half of the couples' joint assets up to \$95,100 as well as a monthly income allowance.\* The government will spell out just what you can keep. The bottom line is that Medicaid is a safety-net program. It is not intended for those with substantial means and is not a pro-active choice for many people.

*Note to presenter: you should know the income and asset thresholds in your state.*

*\*These are general federal guidelines. The specific rules in your state may differ somewhat.*

## Personal Income and Assets



- Most typical arrangement
- Is there enough for both spouses?
- Can one continue to live at home?

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Since the government doesn't pay for long-term care on an ongoing basis unless you meet strict income eligibility requirements, most people have traditionally relied on their incomes and accumulated assets to fund long-term care needs.

For some, due to health and assets, it's not a strain; for others, there's a need to cobble together a patchwork of friends, family, local community services, and carefully selected hours or days of paid help. If you have ever been involved in one of these situations, you probably won't underestimate the strain that can be involved. (*Accurately tell personal story, if you have one*). It can be difficult for the patient him or herself, as choice slip away, and it can be difficult for the family who worries about something falling through or falling apart entirely.

That is compounded when there is a second spouse who may be increasingly unable to meet the needs of the person requiring more extensive care. Much of the success of assisted-living or continuing care facilities probably has to do with the fact that they relieve couples of this worry about the fate of the second spouse.

Additionally, there is often the worry that caring for one spouse will consume most of the couple's assets, leaving little for the second, should it be needed. Nonetheless, absent personal wealth, that was the only option available to retirees until the past 3 decades or so.

## Long-Term Care Insurance



- An insurance policy which pays a daily cash benefit
- Depending upon the individual policy, benefits can be used for:
  - Nursing home
  - Assisted living facilities
  - At-home care
  - Qualifying medical expenses not covered by Medicare
- If certain eligibility requirements are met, LTC insurance helps preserve financial independence, choice and dignity

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About 30 years ago or so, another option came on the scene. And that is long-term care insurance. This coverage is sold by various insurance companies [through AXA Network, LLC and its subsidiaries\*]. Like any other kind of insurance, it's designed to help protect people against potentially significant financial consequences resulting from a serious event.

Boiled down to basics, long-term care insurance pays a daily benefit for qualifying LTC expenses which can be used under certain circumstances, to help offset the cost of a nursing home, assisted-care facility, adult day care center, at-home care, and/or qualifying medical expenses not covered by Medicare, subject to the terms of the policy. It is this flexibility which is most appealing. Often, the money helps to enable people to do just what they want to do in the first place: stay in their homes.

Thus, because the benefit is paid to the individual policy owner, long-term care insurance can also help individuals keep control of their long-term care choices and, therefore, help maintain dignity and financial independence. It can help protect assets and income for a healthy spouse, and help to reduce dependency on friends and family significantly.

This is real peace-of-mind for many people. This insurance can also be useful to help protect assets and reduce the risk of significantly impacting an estate – should a family member need long-term care. Insurance premiums reflect age, health and coverage desired and, therefore, should be purchased when healthy. Like any other kind of insurance, you probably can't buy it if you already need the benefit!

**\* Note to the speaker:**

*Stand-alone long-Term care products are issued by third-party carriers through AXA Network, LLC and its subsidiaries. AXA Equitable offers a long-term care insurance rider that allows the insured to accelerate the death benefit under certain circumstances.*

## Issues That Affect Premium



- Age
- Health at time of issue
- Home/community-based health care benefit
- Amount and length of benefit
- Length of the elimination period
- Inflation protection

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Let's look a little closer at major issues that affect premiums for long-term care insurance. This is a popular product for obvious reasons, so it pays to be informed.

First of course, premium is affected by your age when the policy is issued. The younger you are, the lower the annual premium will be--all other things being equal.

The next critical factor is your health. No one knows exactly if or when the need for long-term care will arise. It is important to purchase long-term care insurance while you are in good health. If you wait and become sickly, you might not qualify for it, and even if you do qualify, the premium is likely to be higher.

Another factor affecting premium is benefits choices. You will have a choice in the amount of benefit for nursing home coverage, and perhaps also as to the amount of benefit you want for at-home and community-based care in addition to nursing home coverage. While there are facility-only plans available, most policies offer integrated coverage. You will probably also have a choice of how long the benefit will continue to be paid. Of course, all other things being equal, the higher the daily benefit amount, and the longer the benefit period, the higher the premiums.

Then, there's the length of Elimination Period you select. The elimination period is the amount of time between the start of the long-term care need and when the insurance benefit actually begins to be paid from the policy. During the elimination period no benefits are paid, and the care is financed by other sources. The longer the elimination period, the lower the annual premium, all other things being equal.

You may have the option to select an inflation protection rider, designed to help the policy benefits keep pace with inflation. Since you may not need benefits for 10 or 20 years from when you purchase the policy, we've seen that costs could rise dramatically. An inflation protection rider which compounds will increase the daily benefit amount at a faster pace than a simple inflation rider. All other things being equal, the compound inflation rider will be more expensive than the simple inflation rider.

## Policy Considerations



- Tax qualified in your state?
- Benefit triggers clearly defined
- No conditions precedent to activate benefits
- Affordability of the elimination period selected
- Guaranteed renewable
- Financially stable company

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There are several other important considerations in selecting a long-term care insurance product. First, you should determine if the policy you are considering is a tax-qualified policy which takes advantage of tax incentives created by the Health Insurance Portability and Accountability Act.\* Under this, if individuals privately fund for their potential long-term care expenses, they may receive tax incentives (income tax-free benefits and deductible premiums--subject to limits--to the extent you can itemize your unreimbursed medical expenses). This will vary by state of residence.

Second, you want to make sure the event that triggers benefits is clearly defined. There should also be no conditions precedent to activate benefits. For example, there should not be a requirement in the policy that you need to receive skilled care or be hospitalized (not permitted in Tax Qualified Policies) before you can receive benefits from the policy. While most modern policies do not have these requirements, it is important to check.

Third, make sure that you can afford the necessary care from your own pocket during the elimination period (the period where no benefits are paid to the insured).

Also, you want to be sure the policy is guaranteed renewable, which means that coverage cannot be cancelled except for nonpayment of premium (absent fraud on your part). Most modern policies are guaranteed renewable, but check to be sure. (Tax Qualified Policies must be guaranteed renewable.) With guaranteed renewable policies, premiums are projected to remain level. However, a carrier could increase premiums for a specific class of policyholders with the approval of state insurance departments.\*\*

Finally, be sure the policy you are considering is issued by a reputable, financially stable insurer.

\*(Note to Presenter: Know if there are tax incentive(s) for your state.)

\*\*Some policies are non-cancelable. Be sure you know the difference and can discuss if question comes up.

## Long-Term Care Insurance — An Option to Help



- Transfer financial risk
- Provide the care you want
- Preserve financial independence
- Alleviate pressure on family
- Protect property and assets

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Long-term care insurance is a risk-shifting tool that has absolutely taken off in the last decade. As we've seen from our review of the likelihood of need and the ever-rising costs of providing it, there's very good reason for this.

It can help provide the care that you and your family decide is appropriate, thus preserving choice, financial independence and dignity. This can relieve family members both financially and emotionally if they don't have to face decisions that may deplete assets prematurely and worry about appropriate care being available. Having the money when it is needed can help preserve remaining personal assets for the second spouse, or for the next generation, if that is appropriate in your situation.

When it comes to long-term care, planning ahead does make a difference. If you believe there are reasons on this list that are important to you, then I suggest looking into this option with your financial professionals.

## Family Care



### Notes on family care:

- About 21% of all U.S. households, provide care for an adult family member or friend age 18 and older.
- 79% of the family caregivers are providing care to someone over the age of 50.
- Nearly 60% of those caring for an adult over the age of 50 are working; the majority of those work full-time.

Source: The MetLife Caregiving Cost Study: Productivity Losses to U.S. Business, MetLife Mature Market Institute, July 2006; based on Caregiving in the United States, National Alliance for Caregiving and AARP, 2004

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## How Does LTC Affect American Business?



### Productivity Losses

- More than 60% employed caregivers reported some work-related adjustments as a result of their caregiving responsibilities
- 10% reduced their hours from full-time to part-time
- 9% left the workplace as a result of their caregiving
- 3% took early retirement
- 6% left work entirely

Source: The MetLife Caregiving Cost Study: Productivity Losses to U.S. Business, MetLife Mature Market Institute, July 2006

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[Read slide]

## How Much It Costs American Business?



The annual lost productivity due to caregiving costs  
American employers:

**\$17.1 billion - \$33.6 billion**

Source: The MetLife Caregiving Cost Study: Productivity Losses to U.S. Business, MetLife Mature Market Institute, July 2006

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[Read slide]

## Employee Benefits Trends



Employee benefits are an alternative to traditional pensions to help employees build & protect retirement savings

- 52% of employees report feeling that they are behind with retirement savings
- 49% of employees age 41-50 are very concerned about providing for their own long-term care needs
- 48% are equally concerned about providing for their spouses/partner's long-term care needs

Source: The MetLife Study of Employee Benefits Trends, MetLife Research Center, 2006

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[Read slide]

Employers providing long-term care insurance as part of a benefit package is a way to help employees protect the retirement assets they've helped build and ease the concern over long-term care needs.

## LTC Insurance: Employees



LTC insurance helps your employees to:

- Protect their retirement savings from the high cost of care
- Maintain their financial independence by allowing them the choice to receive care in a wide range of settings
- Relieve caregiver stress, both in their own family situation and down the road should they ever need care themselves
- Prepare for the unexpected, if an injury or serious illness forced them to need care, LTC insurance would help provide funding for care instead of forcing the employee to pay out of pocket

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## LTC Insurance: Employers



With minimal administration, LTC insurance can help employers to:

- Increase productivity and morale
- Reduce turnover and absenteeism
- Enrich your benefits package with minimal administration and little or no cost to you.
- Attract and retain top talent
- Create a carve-out plan for key employees
  - Employer paid LTC insurance policies could be made available to selected employees only

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## LTC Insurance Trends



LTC insurance is one of the fastest growing employee benefits.

- The U.S. government (the largest employer in the nation) has provided employees LTC insurance as benefit since 2002.
- According to the American Assn. for Long-Term Care Insurance, there were 6,577 U.S. employers who sponsored group LTC insurance in 2004 and 1.86 million employees participated.<sup>1</sup>
- U.S. Bureau of Labor Statistics reported that 12% of private companies offered long-term care insurance benefit to employees in 2007.<sup>2</sup>

Source: 1) Business Insurance, "Long-term Care – Selling the Benefit" in Industry Focus Supplement, March 19, 2007.  
2) U.S. Department of Labor Bureau of Labor Statistics, National Compensation Survey: Employee Benefits in Private Industry in the United States, March 2007.

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## Addressing Long-Term Care



### **Your Role:**

- Know your goals
- Know where you stand on achieving them

### **Our Role:**

- To assist you and your advisors in developing a strategy to help keep you on track for financial security

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You have a role and your financial professionals have a role. Your role is to know your goals and assets. Our role is to help you and your advisors fund a program that can help move you closer to achieving financial success with the financial products we offer.

Thank you very much for attending this seminar. I hope you've enjoyed it and learned something about addressing this possible impact on your financial well being. I do want to emphasize that planning can be complicated and all of our suggestions should be reviewed by your own legal or tax advisor before being implemented.

If you'd like to schedule a one-on-one appointment and are fortunate enough to know your schedule, there's a calendar at the back of the room. Feel free to write yourself in at a convenient time. **[Note to presenter: Be sure to have a calendar.]**

This concludes this afternoon's/evening's formal presentation. We invite you to stay a few moments and enjoy the refreshments. My associates and I will be happy to talk to you one-on-one about this important topic.

## Workshop Evaluation



Please complete evaluation form and hand it in  
before you leave.

Schedule time to meet for a personal consultation.

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Finally, I (we) have two favors to ask of you. The first favor is that you complete the evaluation form provided both honestly and candidly so that we might improve our workshop for others. The second favor is that you sign up for an initial consultation with us. I'll explain more about this after the presentation, but we provide a no cost, no obligation consultation for you to determine if we can be of service to you on an individual basis. We find that most who attend our briefings do sign up for an initial consultation. We are interested in forming working relationships with many of you and many who come in do become clients.

Thank you and we look forward to working with you.

*SERFF Tracking Number:* ELAS-125525693                      *State:* Arkansas  
*Filing Company:* AXA Equitable Life Insurance Company                      *State Tracking Number:* 38376  
*Company Tracking Number:*  
*TOI:* LTC03I Individual Long Term Care                      *Sub-TOI:* LTC03I.003 Other  
*Product Name:* Long Term Care Sales Materials  
*Project Name/Number:* Addressing Long-Term Care Seminar Presentations/GE-42283 (01/08) and GE-42283A (01/08)

## **Rate Information**

Rate data does NOT apply to filing.

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## Superseded Attachments

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

<b>Original Date:</b>	<b>Schedule</b>	<b>Document Name</b>	<b>Replaced Date</b>	<b>Attach Document</b>
No original date	Form	Addressing Long-Term Care Seminar Presentation	03/10/2008	Addressing_Long - Term_Care_Seminar_Presentation_GE42283_0108_Rev0208.pdf
No original date	Form	Addressing Long-Term Care Seminar Presentation	03/10/2008	Addressing_Long - Term_Care_Sponsorship_Seminar_Presentation_GE42283A_0108_Rev0208.pdf

# Addressing Long-Term Care



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# Addressing Long-Term Care



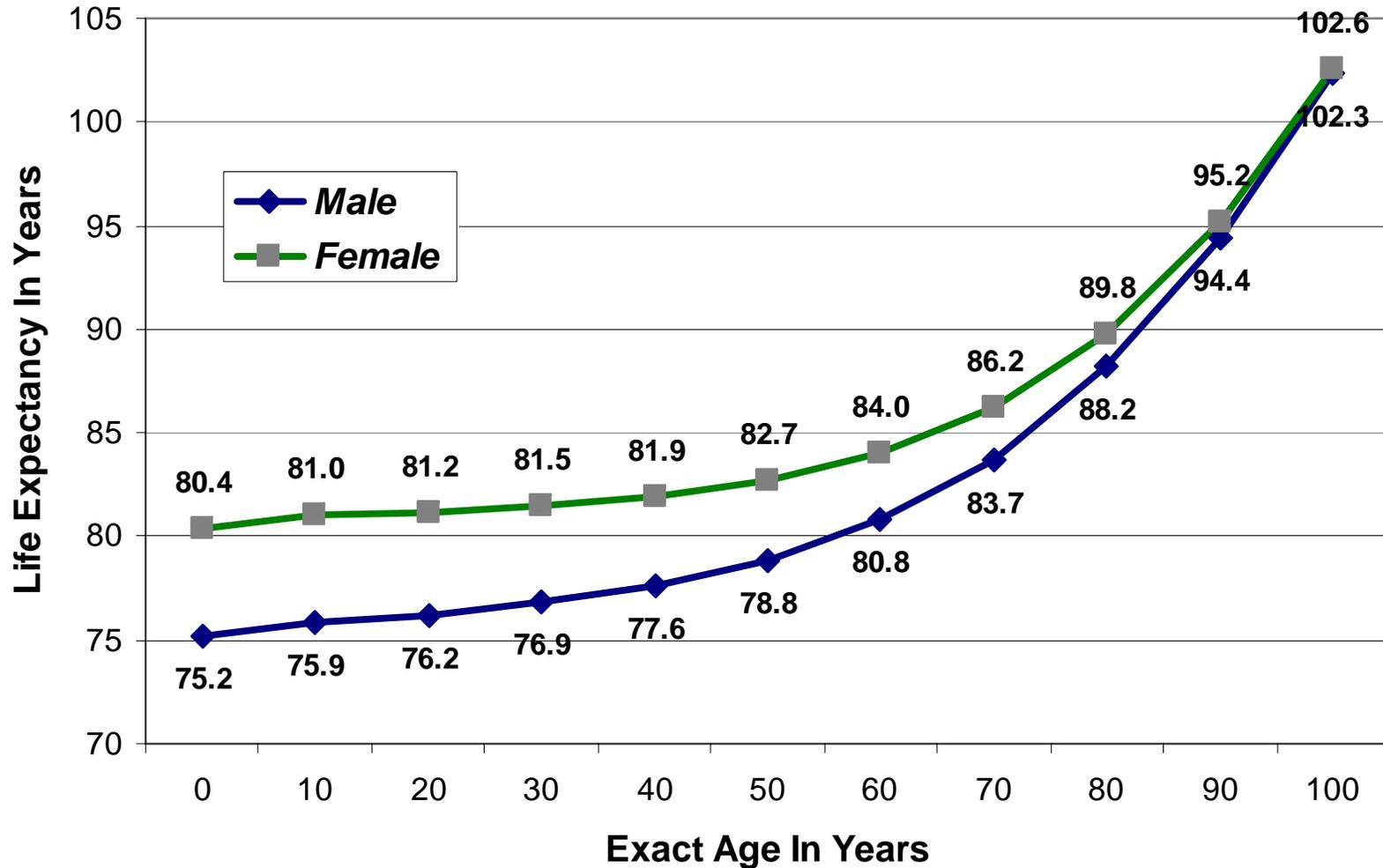
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# Long-Term Care



- What is long-term care?
- Who needs long-term care?
- Should my financial program address long-term care concerns?
- What are some options for paying long-term care costs?
- What do we need to know about long-term care insurance?

# Americans Have a Long Life Expectancy



Source: National Vital Statistics Report 8/21/07: Deaths, Final Data for 2004.

# How Real Is the Risk?



- 40-50% of the U.S. population need LTC at least once during their lifetime. <sup>1</sup>
- Functional disability increases as one ages.
- In 2005,
  - 10 million people aged 18 or older needed assistance from others to perform everyday activities. 60% of them were 65 or older. <sup>2</sup>
  - 30 million had some type of activity limitation. 40% of them were 65 or older. <sup>2</sup>
- By 2020, 12 million people will need long term care. <sup>3</sup>

Source: 1) Long-Term Care Insurance, JP Morgan North America Equity Research, May 26, 2006. 2) Long-Term Care Research Report, AARP Public Policy Institute, October 2007. 3) National Clearinghouse for Long-Term Care Information, Administration on Aging, [http://www.longtermcare.gov/LTC/Main\\_Site/Understanding\\_Long\\_Term\\_Care/Basics/Basics.aspx](http://www.longtermcare.gov/LTC/Main_Site/Understanding_Long_Term_Care/Basics/Basics.aspx), updated 11/14/2007.



# What Do We Mean by “Long-Term Care”?



- Helps people who cannot function independently
- Range of services:
  - Medical care/skilled nursing care
  - Intermediate care
  - Assistance with activities of daily living (ADLs)
- Purpose: Maintenance, not cure

# Levels of Long-Term Care



- Custodial
- Intermediate
- Skilled

# Custodial Care: Activities of Daily Living (ADL)



- Bathing
- Contenance
- Dressing
- Eating
- Toileting
- Transferring

# Long-Term Care Delivery



## *It's Not Just Nursing Homes!*

- In your own home
- Independent living facilities
- Continuing care retirement communities
- Assisted living facilities
- Adult day care centers
- Hospices
- Alzheimer's centers
- Nursing homes

Note: Not all policies will cover care received in the above facilities. If covered, the person must generally be unable to perform two of six ADLs to qualify.

# How Much Do Nursing Homes Cost?



**National Average  
per Year**

**\$75,190**

**Average Length of  
Stay**

**2.4  
Years**

*\* The MetLife Market Survey of Nursing Home & Home Care Costs, September 2006*

# Cost of Assisted-Living Facilities



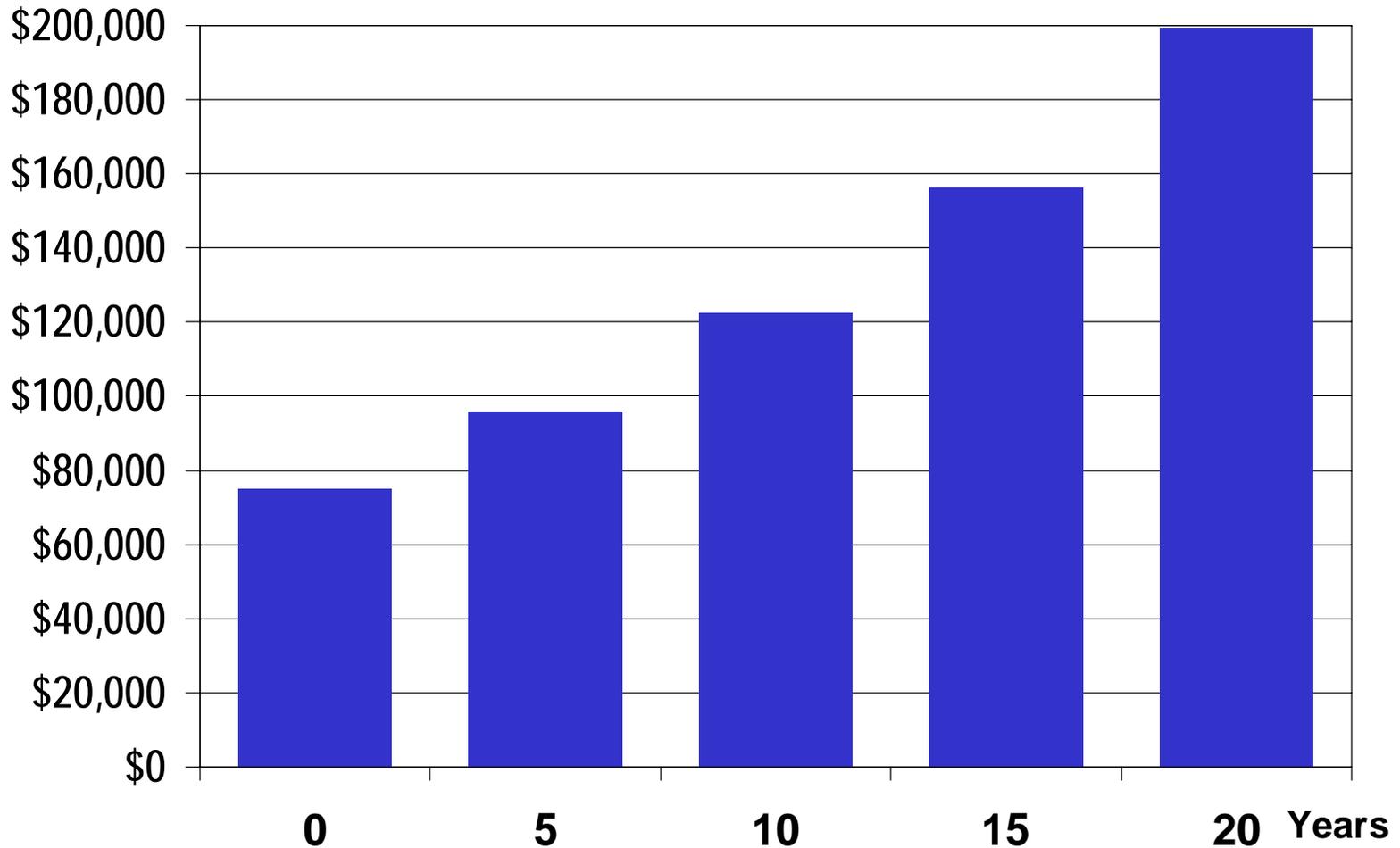
## ***Average National Cost for Assisted-Living Facilities***

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**Source:** Genworth Financial 2007 Cost of Care Survey, March 2007.

# Tomorrow's Cost of Care\* ...?



*\*Assumes a hypothetical 5% annual inflation rate*



# Financing Long-Term Care



- There are several options to financing long-term care. Some strategies place a greater financial burden on families than others.
  - Medicare/Medigap (Medicare Supplement Insurance)
  - Medicaid
  - Personal Income and Assets (Including Assistance from Family)
  - Third-Party: Long-Term Care Insurance

# Medicare Only Covers Some Costs



- Medicare is designed to cover most or all expenses for acute, short-term care, such as:
  - Doctor bills
  - Hospital bills
- Medicare pays only for medically necessary skilled nursing facility (SNF) care
  - Generally, skilled care is available only for a short time after a hospitalization
- The care must be designed to restore the patient's health

# Medicaid



- A federal medical program
- Must qualify by falling below certain income and asset levels
- Private facilities not required to accept Medicaid patients
- Limits choice

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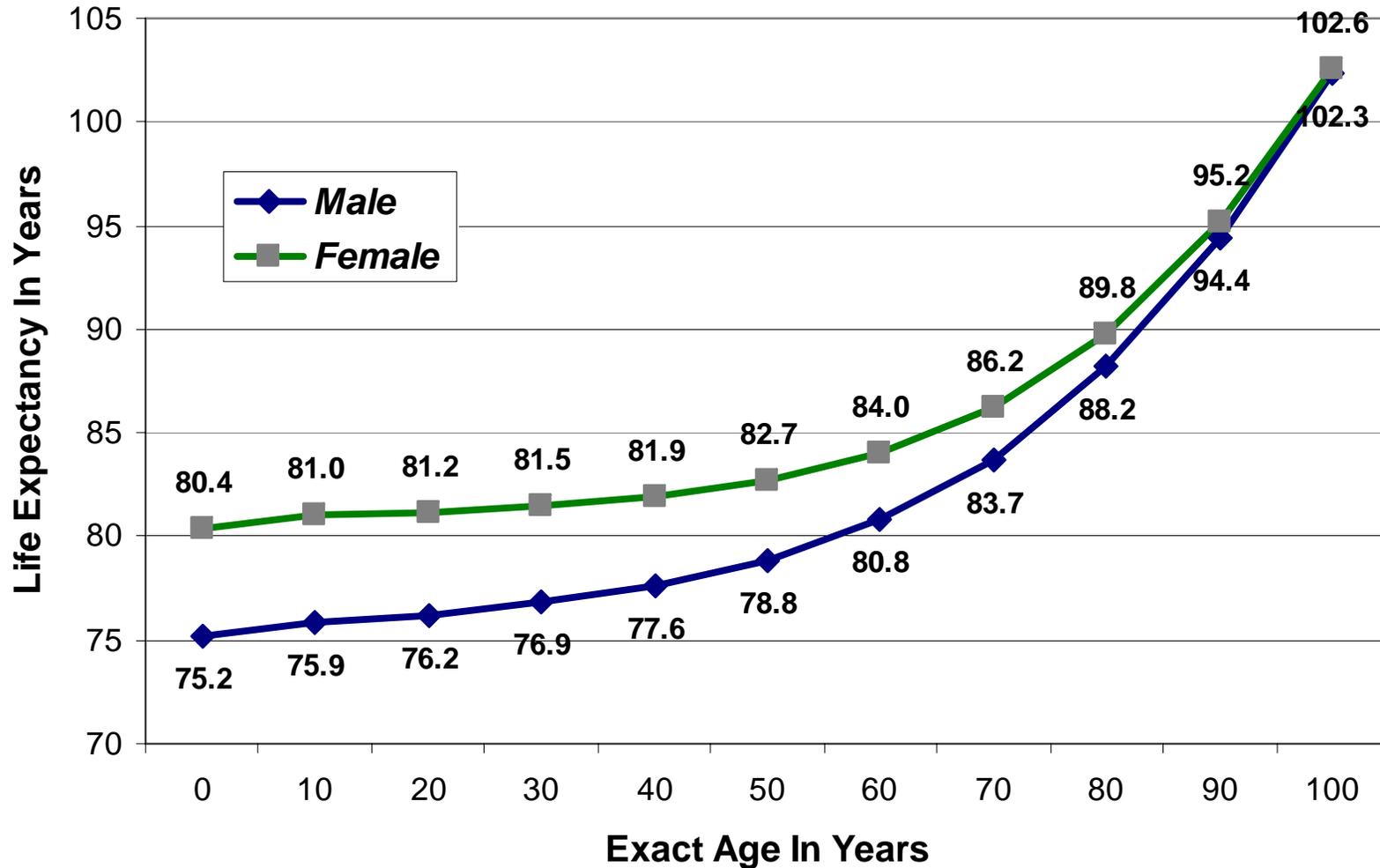
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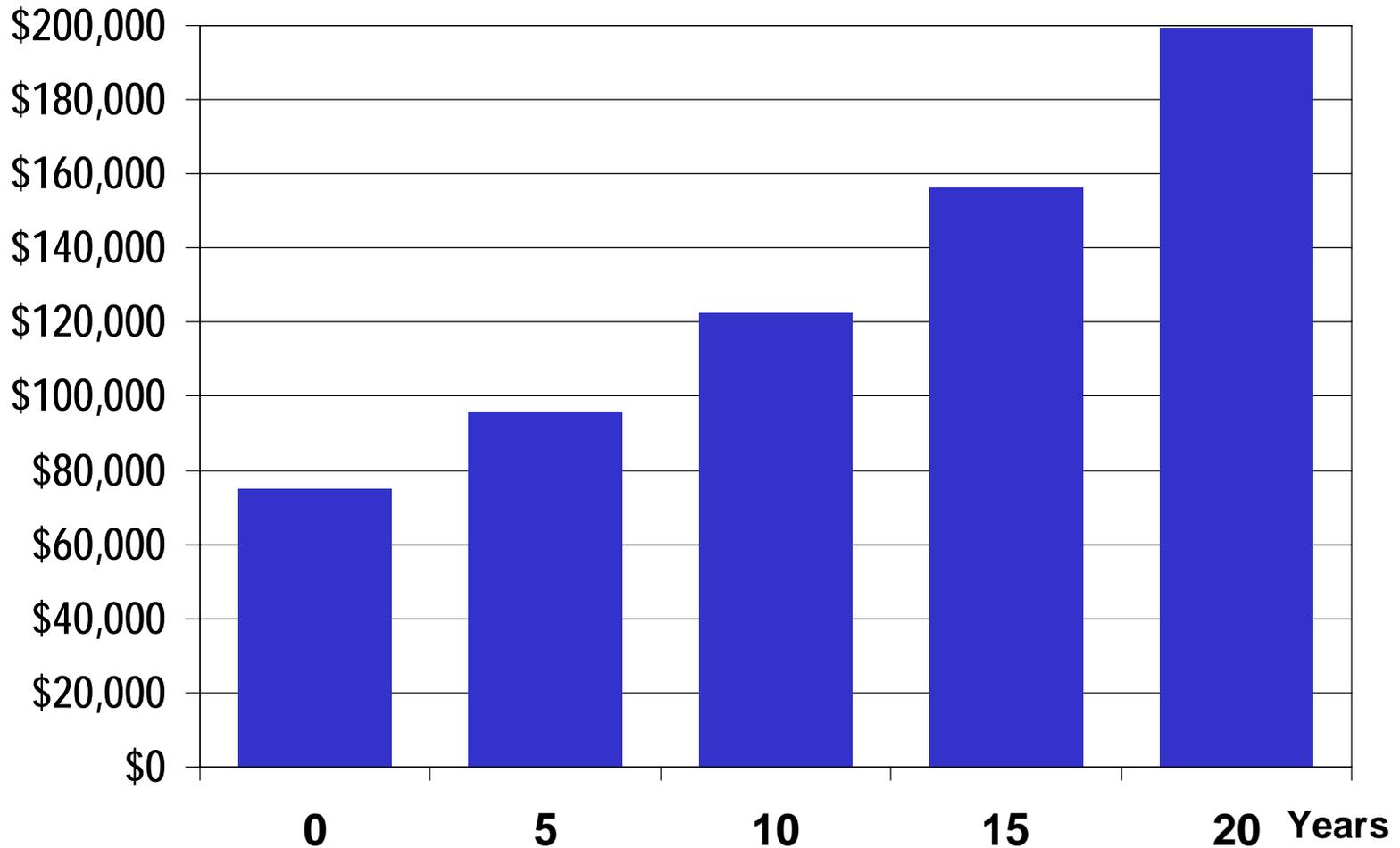
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  - At-home care
  - Qualifying medical expenses not covered by Medicare
- If certain eligibility requirements are met, LTC insurance helps preserve financial independence, choice and dignity

# Issues That Affect Premium



- Age
- Health at time of issue
- Home/community-based health care benefit
- Amount and length of benefit
- Length of the elimination period
- Inflation protection

# Policy Considerations



- Tax qualified in your state?
- Benefit triggers clearly defined
- No conditions precedent to activate benefits
- Affordability of the elimination period selected
- Guaranteed renewable
- Financially stable company

# Long-Term Care Insurance — An Option to Help



- Transfer financial risk
- Provide the care you want
- Preserve financial independence
- Alleviate pressure on family
- Protect property and assets

# Family Care



## Notes on family care:

- About 21% of all U.S. households, provide care for an adult family member or friend age 18 and older.
- 79% of the family caregivers are providing care to someone over the age of 50.
- Nearly 60% of those caring for an adult over the age of 50 are working; the majority of those work full-time.

Source: The MetLife Caregiving Cost Study: Productivity Losses to U.S. Business, MetLife Mature Market Institute, July 2006; based on Caregiving in the United States, National Alliance for Caregiving and AARP, 2004



# How Does LTC Affect American Business?



## Productivity Losses

- More than 60% employed caregivers reported some work-related adjustments as a result of their caregiving responsibilities
- 10% reduced their hours from full-time to part-time
- 9% left the workplace as a result of their caregiving
- 3% took early retirement
- 6% left work entirely

Source: The MetLife Caregiving Cost Study: Productivity Losses to U.S. Business, MetLife Mature Market Institute, July 2006

# How Much It Costs American Business?



The annual lost productivity due to caregiving costs  
American employers:

**\$17.1 billion - \$33.6 billion**

Source: The MetLife Caregiving Cost Study: Productivity Losses to U.S. Business, MetLife Mature Market Institute, July 2006

# Employee Benefits Trends



Employee benefits are an alternative to traditional pensions to help employees build & protect retirement savings

- 52% of employees report feeling that they are behind with retirement savings
- 49% of employees age 41-50 are very concerned about providing for their own long-term care needs
- 48% are equally concerned about providing for their spouses/partner's long-term care needs

Source: The MetLife Study of Employee Benefits Trends, MetLife Research Center, 2006

# LTC Insurance: Employees



LTC insurance helps your employees to:

- Protect their retirement savings from the high cost of care
- Maintain their financial independence by allowing them the choice to receive care in a wide range of settings
- Relieve caregiver stress, both in their own family situation and down the road should they ever need care themselves
- Prepare for the unexpected, if an injury or serious illness forced them to need care, LTC insurance would help provide funding for care instead of forcing the employee to pay out of pocket

# LTC Insurance: Employers



With minimal administration, LTC insurance can help employers to:

- Increase productivity and morale
- Reduce turnover and absenteeism
- Enrich your benefits package with minimal administration and little or no cost to you.
- Attract and retain top talent
- Create a carve-out plan for key employees
  - Employer paid LTC insurance policies could be made available to selected employees only

# LTC Insurance Trends



LTC insurance is one of the fastest growing employee benefits.

- The U.S. government (the largest employer in the nation) has provided employees LTC insurance as benefit since 2002.
- According to the American Assn. for Long-Term Care Insurance, there were 6,577 U.S. employers who sponsored group LTC insurance in 2004 and 1.86 million employees participated.<sup>1</sup>
- U.S. Bureau of Labor Statistics reported that 12% of private companies offered long-term care insurance benefit to employees in 2007.<sup>2</sup>

Source: 1) Business Insurance, “Long-term Care – Selling the Benefit” in Industry Focus Supplement, March 19, 2007.

2) U.S. Department of Labor Bureau of Labor Statistics, National Compensation Survey: Employee Benefits in Private Industry in the United States, March 2007.



# Addressing Long-Term Care



## ***Your Role:***

- Know your goals
- Know where you stand on achieving them

## ***Our Role:***

- To assist you and your advisors in developing a strategy to help keep you on track for financial security

# Workshop Evaluation



Please complete evaluation form and hand it in  
before you leave.

Schedule time to meet for a personal consultation.