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LONG-TERM CARE NEEDS

JANUARY 23, 2015

PLEASE READ THIS DISCLOSURE CAREFULLY.

This information may help you analyze your financial needs. It is based on information and assumptions provided by you regarding your goals, expectations and financial situation. The calculations do not infer that the company assumes any fiduciary duties. The calculations provided should not be construed as financial, legal or tax advice. In addition, such information should not be relied upon as the only source of information. This information is supplied from sources we believe to be reliable but we cannot guarantee its accuracy. Hypothetical illustrations may provide historical or current performance information. Past performance does not guarantee nor indicate future results.

LONG-TERM CARE NEEDS

Introduction

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WHAT IS LONG-TERM CARE?

Long-term care may be needed in the future if you can no longer perform everyday tasks by yourself. These tasks comprise the inability to perform two or more of the activities of daily living such as: bathing, dressing, eating, toileting, transferring or continence. In addition, long-term care may be required if you have a severe cognitive impairment such as Alzheimer's disease. You can receive this care in a variety of settings, including your home, an assisted living facility or a nursing home.

Long-term care is not the type of care that you receive in a hospital or your doctor's office. It isn't the medical care you need to get well from a sickness or injury. Further, long-term care is not always administered in a nursing home. In fact, more than 80% of all people receiving long-term care assistance are not in nursing homes.



WHY WOULD I NEED IT AND WHAT DOES IT COST?

The need for long-term care usually arises from age or chronic illness, injury or disability. In fact, approximately 60% of us who reach age 65 will need long-term care at some time in our lives.** However, many don't realize that the need for long-term care can happen at any time. Statistics show that 40% of people receiving long-term care services are working-age adults, between the ages of 18 and 64.**

Nursing home care is expensive: the national average of a semi-private room in a nursing home is \$52,000 annually. These costs can be significantly higher depending upon where you live and the type of facility you prefer. Home health care is expensive too: the national average annual cost of home health care is well over \$20,000. This is expected to climb to \$68,000 by 2030.***



WHO WILL PAY THE COST?

If you, your spouse or family member were to require long-term care, you could end up, not only depleting your hard-earned assets, but put an unnecessary financial burden on your family. Disability and health insurance are not designed to cover long-term care assistance or facility expenses.

Medicaid is designed to protect those with minimal assets. To qualify, many people "spend down" nearly all of their assets. Medicare only pays limited amounts for skilled care following a hospital stay. It does not cover purely custodial care, the type that's required by most people in nursing homes.

Ultimately, you will be responsible for any long-term care expenses you incur.

LONG-TERM CARE NEEDS

Input and Analysis

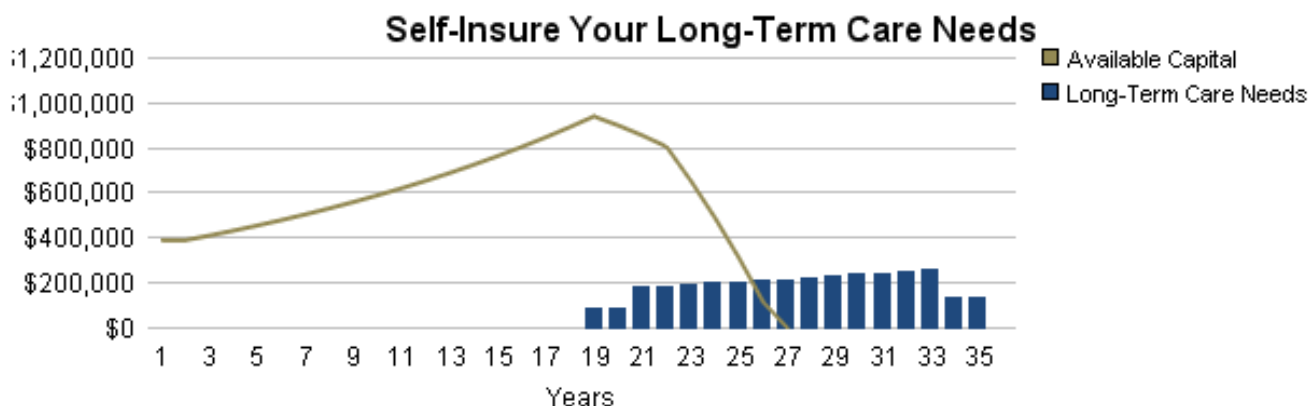
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LONG-TERM CARE ASSUMPTIONS AND OBJECTIVES

	YOU	SPOUSE
Current Age	52	50
Age To Begin Long-Term Care Needs	70	70
Annual Cost Of Long-Term Care Needs	\$50,000	\$50,000
Number Of Years Funds Are Needed	15	15
Estimated Annual Long-Term Care Insurance Premium	\$5,000	\$3,500

Current Funds Set Aside For Long-Term Care Needs	\$365,650
Annual Increase In Long-Term Care Expenses	3.0%
Investment Return On Existing Savings	8.0%
Average Tax Rate On Investments	33.0%

HOW LONG WILL THE CURRENT SAVINGS LAST?



Year	Available Capital	LTC Need	Net Capital	After-Tax Interest	Year-End Capital	Need/Client	Need/Spouse
1	365,650	0	365,650	19,599	385,249	0	0
3	405,898	0	405,898	21,756	427,654	0	0
5	450,577	0	450,577	24,151	474,727	0	0
7	500,173	0	500,173	26,809	526,982	0	0
9	555,228	0	555,228	29,760	584,989	0	0
11	616,344	0	616,344	33,036	649,380	0	0
13	684,187	0	684,187	36,672	720,859	0	0
15	759,497	0	759,497	40,709	800,206	0	0
17	843,097	0	843,097	45,190	888,287	0	0
19	935,900	85,122	850,778	45,602	896,380	85,122	0
21	852,051	180,611	761,745	40,830	802,575	90,306	90,306
23	652,447	191,610	463,627	24,850	488,477	95,805	95,805
25	309,751	203,279	109,432	5,866	115,297	101,640	101,640
27	0	215,659	0	0	0	107,830	107,830
29	0	228,793	0	0	0	114,396	114,396
31	0	242,726	0	0	0	121,363	121,363
33	0	257,508	0	0	0	128,754	128,754
35	0	136,595	0	0	0	0	136,595

These projections are hypothetical. This information is meant to provide you with a general idea about your retirement income needs. The results given are for illustrative purposes only and do not represent the actual performance of any current or future investment. Rates of return will vary over time, especially for long-term investments.

LONG-TERM CARE NEEDS

Funding Options

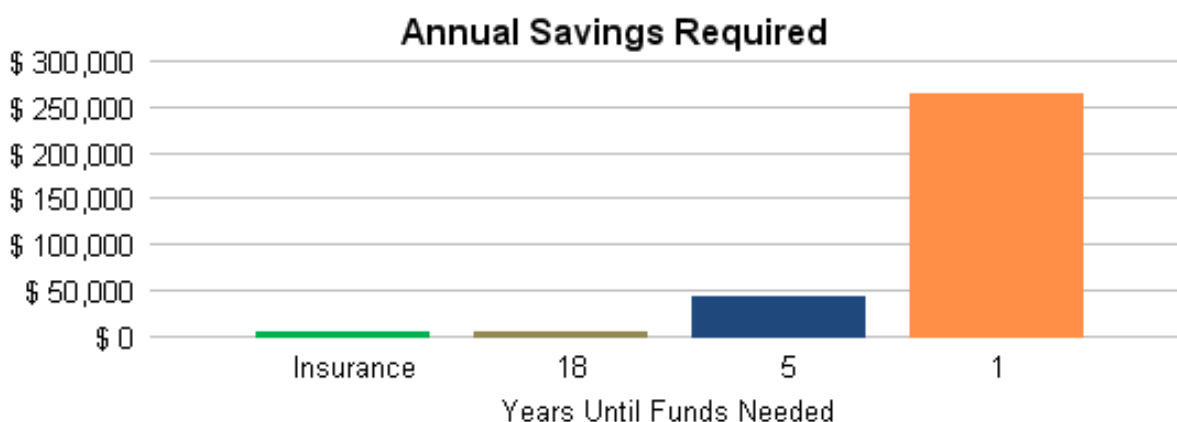
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SUMMARY

Your future long-term care needs total \$1,583,170 (\$427,736 in today's dollars). You have available assets of \$365,650. To self-insure the shortfall you will need to save \$4,153 per year or you can set aside a lump sum of \$62,086 today and let it accumulate interest until needed. Alternatively, you could consider purchasing a long-term care insurance policy to cover the potential future expenses at an approximate monthly cost of \$417.

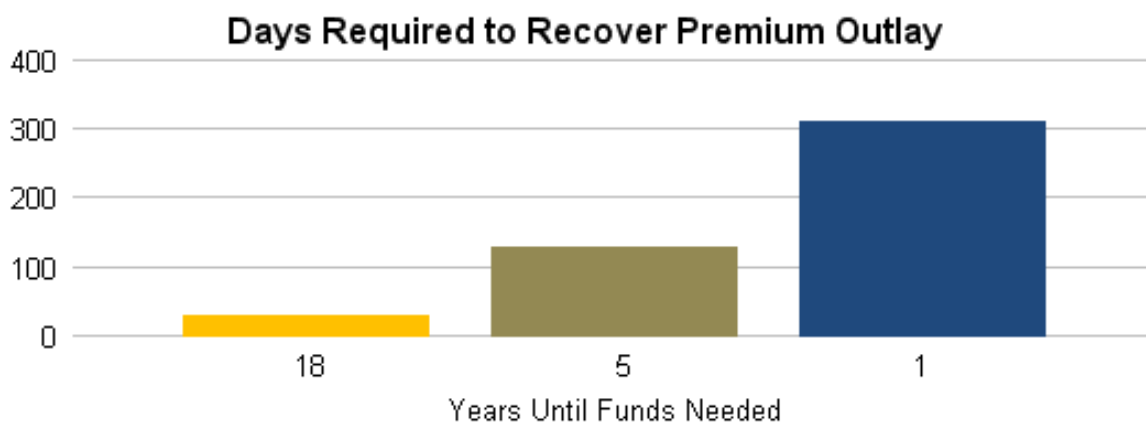
ANNUAL SAVINGS REQUIRED TO SELF-INSURE

Years Until Funds Are Needed For John	18	5	1
Lump-Sum Required To Fund Shortfall	\$62,086	\$208,568	\$263,032
Annual Savings Required To Fund Shortfall	\$4,153	\$43,625	\$263,032



BREAK EVEN ANALYSIS

Total Premiums Paid	\$90,000	\$25,000	\$5,000
Average Daily Future Benefit	\$289	\$197	\$175
Days Of Long-Term Care Receipts To Break Even	311	126	28



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LONG-TERM CARE NEEDS

Funding Options

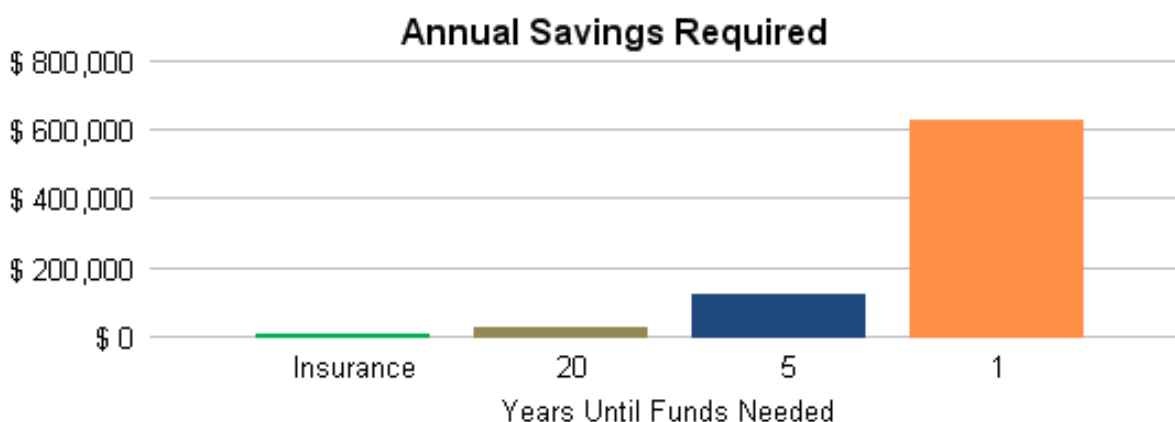
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SUMMARY

Your future long-term care needs total \$1,679,585 (\$408,789 in today's dollars). You have available assets of \$0. To self-insure the shortfall you will need to save \$25,133 per year or you can set aside a lump sum of \$408,789 today and let it accumulate interest until needed. Alternatively, you could consider purchasing a long-term care insurance policy to cover the potential future expenses at an approximate monthly cost of \$292.

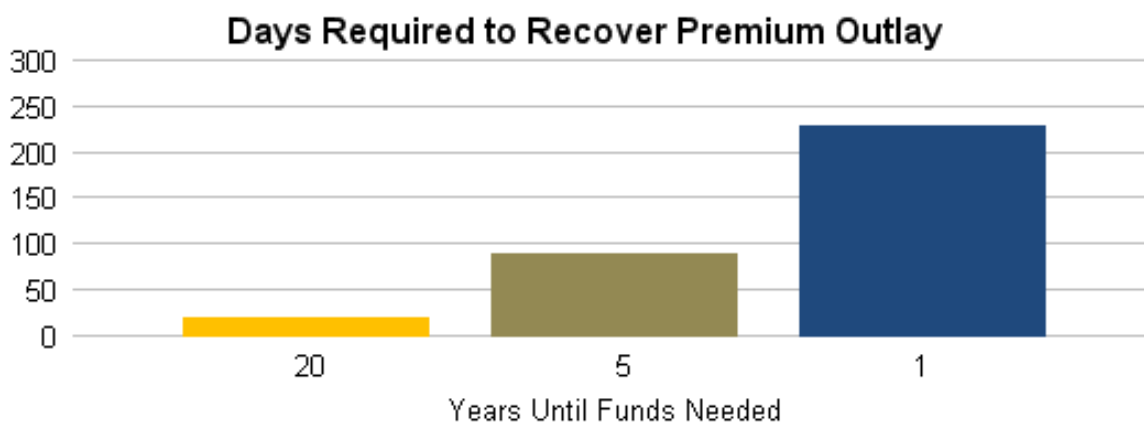
ANNUAL SAVINGS REQUIRED TO SELF-INSURE

Years Until Funds Are Needed For Mary	20	5	1
Lump-Sum Required To Fund Shortfall	\$408,789	\$574,218	\$628,682
Annual Savings Required To Fund Shortfall	\$25,133	\$120,105	\$628,682



BREAK EVEN ANALYSIS

Total Premiums Paid	\$70,000	\$17,500	\$3,500
Average Daily Future Benefit	\$307	\$197	\$175
Days Of Long-Term Care Receipts To Break Even	228	88	20



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Activities Of Daily Living (ADLs)

The basic activities of caring for oneself: eating, dressing, bathing, using the bathroom ("toileting"), moving back and forth from a bed to a chair ("transferring") with or without the aid of equipment, and remaining continent. Companies use the inability to perform a specified number of ADLs to help determine eligibility for benefits.

Benefit Period

The length of time your insurance will last if you receive care every day at a cost equal to or more than your daily benefit amount. If your care costs less, your insurance will last longer than the benefit period. The benefit period is used together with your daily benefit amount to calculate your maximum lifetime benefit. Most long-term care insurance plans provide a choice of three benefit periods - 3 years, 5 years and unlimited.

Facilities Only Option

An option under a long-term care policy that covers services provided in a nursing home or assisted living facility, hospice care in a facility, and respite services in a facility, bed reservations and caregiver training.

Home Health Care

A program of professional, paraprofessional or skilled care provided through a Home Health Care Agency to a patient in his or her home. Home Health Care may include nursing services provided by a (1) Registered Nurse (RN), (2) Licensed Practical Nurse (LPN), (3) Licensed Vocational Nurse (LVN), or (4) Licensed Public Health Nurse. Home Health Care does not include services rendered in a Hospital or Nursing Facility where room and board are charged.

Inflation Protection

A feature or option of long term care insurance coverage that increases the value of benefits over time to keep pace with increasing costs of care. Most programs offer a choice of two inflation protection options - an automatic compound inflation option and a future purchase option.

Maximum Lifetime Benefit

This is the maximum amount of benefits that your insurance coverage could pay. This benefit limit applies to any combination of long-term care services for which a benefit is paid. Your maximum lifetime benefit is calculated by multiplying your daily benefit amount times the number of days in the benefit period you selected.

Medicaid

The joint Federal-state program that pays for health care services for individuals who meet their state's poverty guidelines.

Medicare

A Federal health care program for most adults age 65 and older and certain disabled individuals. It pays for long-term care under limited circumstances and for limited periods of time and includes all parts of the Health Insurance for the Aged Act under Title XVIII of the Federal Social Security Act.

Waiting Period

The time between becoming eligible for benefits and when your long-term care insurance actually begins paying those benefits. Sometimes known as an elimination period or a deductible. Generally, the longer the waiting period, the lower the premiums. The waiting period can be measured in calendar days or days of service.

Waiver Of Premium

A provision of long-term care insurance that allows you to stop paying premiums while you are in receipt of benefits.