

Reasons to consider an employer-sponsored LTC program

- Compare the odds. You have a 1 in 1200 chance of having a house fire; a 1 in 240 chance of an auto accident; a 1 in 8 chance of being disabled 90 days or greater; and a 1 in 2 chance of needing long term care during your lifetime.
- The policy serves as supplemental disability insurance. Forty percent of those receiving long term care are under the age of 65.
- Reduce elder care issues. By 2004, elder care absenteeism will replace child-care absenteeism. Currently 64% of caregivers work full-time jobs. What does this mean to the employer? According to a recent Met Life study, productivity losses from long term care cost employers between \$2,500 and \$3,100/year for each employee who is involved in caretaking.
- Long term care coverage is entirely portable at the employer rate, without changes or restrictions to the plan design.
- Most relatives of the employee can participate in a group offering, including, but not limited to, parents, grandparents, in-laws, and adult children of the employee. Relatives benefit from the group rates as well.
- Favorable tax treatment. Any employer contribution to the plan is fully deductible as a business expense, and benefits paid are not included in the employee's imputed income. The employee's portion of the premium can be deductible on his personal tax return subject to published age/premium limits.
- Protect employees' retirement investments. Long term care provides asset protection before *and* during retirement years. With the current cost of care in Seattle averaging \$70,000/year in 2002, coupled with the average need for care exceeding three years, 401K money could be depleted in less than one year. For the younger employee, this expense may not be for himself, rather for an elder relative in need. (By 2040, the projected cost of care will be \$361,800/year).
- Guarantee issue (modified underwriting) for employer-sponsored long term care plans considered with as few as 5 eligible lives.
- Special "carve-out" groups can be developed with limited discrimination testing. For example, highly compensated employees, or plans based-upon tenure are acceptable. (ERISA does not allow plans based upon age.)
- Benefits do not offset with disability, social security, or state-based payments when the insured is disabled.

