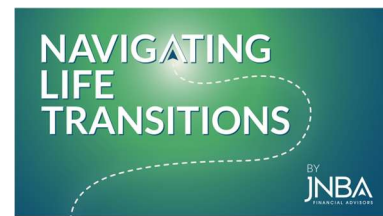


Podcast Transcript: Navigating Long-Term Care Insurance Benefits



Kim Insley:

I'm Kim Insley. Thanks for joining us for Navigating Life Transitions, a podcast where we bring together financial advisors and other advisors experienced in financial life planning to talk about ways to navigate life's biggest changes, challenges, opportunities, and decisions. From growing a family to empty nesting, from earning job promotions to retirement planning, we discuss these pivotal moments that could benefit from the guidance a financial advisory team can provide.

Now, in 2020, the American Association for Long-Term Care Insurance found that 7.5 million Americans do have some sort of long-term care insurance, and that number has likely grown in recent years, meaning thousands of people are tapping into these benefits every day. Now, you likely purchased your long-term care insurance benefits years, if not decades ago, and now you and your spouse might need to use them, but what you may not know is how to access those benefits. So, today, we're talking about that transition from paying for long-term care insurance benefits to actually using them.

Joining me today is Luke Traxler, an Advisor at JNBA Financial Advisors, which serves clients in Minnesota, Florida, and throughout the United States. Also, Chris Steffl, Managing Partner at Versatile Insurance Services, who is a long-term care insurance professional. So, welcome to you both.

Chris Steffl:

Thanks for having us.

Luke Traxler:

Thanks.

Kim Insley:

Luke, I am going to start with you. So, the role that long-term care insurance plays in financial planning, when do you start thinking about it? And as you're talking to your clients, that role, speak to that a little bit.

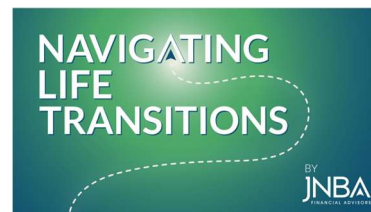
Luke Traxler:

Yeah, so when clients already have long-term care insurance, a lot of that came from the fact that they were trying to hedge against long-term care expenses because it is very expensive, as we know. But getting into the insurance part of it is a trigger that not everyone knows when to pull the trigger, and so our job is to help them say, "Now is the time," because we want to utilize these benefits to the extent you've already paid for them.

Kim Insley:

You've got these assets. People want to make sure they're not... Some people think of themselves, "I'll just self-insure. I've got the money. I can do that." Others are very worried about protecting that nest egg. So, does long-term care insurance, is that the conversation that you start this ballgame with?

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Luke Traxler:

Yeah. You need to know if you can afford it, A, and B, maybe you have enough money where you don't need to buy it also. So, there's two ends of that spectrum. The clients that end up purchasing it are usually somewhere in the middle. There is risk there, and they want to try and mitigate that risk.

Kim Insley:

Sure.

Luke Traxler:

That's what insurance is for.

Kim Insley:

Absolutely.

So, Chris, some of the common features in policies then, because you look at a whole bunch of different policies, and we should start with that. Actually, start with what is your role? What is your job in all of this?

Chris Steffl:

Yep, so Versatile is an insurance wholesale company, which we work with financial advisors and different insurance professionals in the industry, either, A, providing them products or reviewing the products. So, I get brought in a lot of times to look at the new ones for suggestions on what should be bought, but then we get pulled into a lot of these old ones that have been out there, just in reviewing them, looking at them, getting them prepared if they're going to go on claim.

Kim Insley:

Okay. And then I sense from the conversation that we had earlier to prepare for this that the things that are in these policies, the features, have changed over the years.

Chris Steffl:

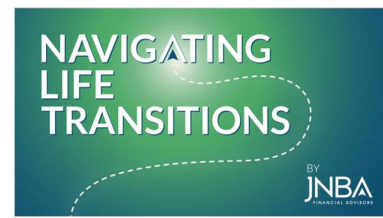
A lot. One of the big things is we've seen policies go from reimbursable-type expenses where you had to have a certified nurse at home or go into a certified facility. Some of the new policies, and even going back, there were a couple companies that offered cash on them. But the one thing is I think a lot of them offer little riders that a lot of people don't understand or know what these policies can offer them, if they are going to go on claim.

Kim Insley:

All the fine print that people tend not to read.

So, something's happened and you're deciding whether or not to use the policy. What are some of those triggers?

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Luke Traxler:

Yeah, I think most of them come from the family itself. When we meet with clients, it's not usually the person that actually needs care that's going to tell us that they need to start triggering this policy. It's the other family members that have stepped up to help that person.

Kim Insley:

The kids, the spouse.

Luke Traxler:

So, spouse, kids, nephew, niece, whoever it might be. But they're the ones that you can tell pretty quickly that are struggling or giving up something else in their life to help this family member or loved one.

Kim Insley:

So, what are the things that you start asking if a family is presenting themselves to... And sometimes they won't even tell you they're having a struggle, so I know you watch for that. But what are the questions that you go through with them?

Luke Traxler:

Yeah, and a lot of this probably Chris can answer better than me because it does come down to activities of daily living. That's where you can start triggering these policies, and that's where we bring Chris in right away to help us.

Kim Insley:

So, what are you hearing right now?

Chris Steffl:

Yeah, so usually we are. We're looking at those two out of the six ADLs, but usually what it comes down to is we're having trouble getting Dad to the bathroom. We need help on that, or bringing food in or getting dressed or bathed, which are the ADLs. That's where those ADLs start to come into play. So, the inability to do two of them is what triggers these policies. Or cognitive or Parkinson's can be a trigger by itself as well.

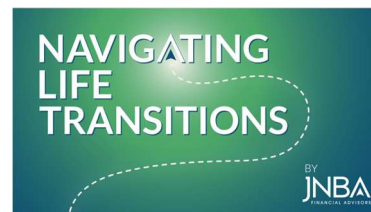
Kim Insley:

Do many people think that it has to be a nursing home situation before the policy can start to help them?

Chris Steffl:

That's a great question. I think that's the thing is, when you started selling these back in the nineties, that's what it was about. It was really more about getting care at a facility or moving somebody to that. But really, I think the thing is working with advisors now. I'd say 98% of our

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conversation is about somebody getting care at home, first of all. So, that conversation starts a lot earlier and is maybe not as hidden as it used to be. Now, it's more let's bring all the team in and try to figure this out.

Kim Insley:

That was a bit of a revelation for me when we spoke earlier because you were speaking about even making home improvements that would make life easier sometimes are covered by these policies.

Chris Steffl:

Yeah, so a couple of things is, one is a lot of them will have actual plans that get put together, and the carriers can work with you on that plan. And obviously it benefits everybody if somebody doesn't go on claim right away, but they'll give guidance or give a caretaker kind of situation.

But there's also home improvement riders we've seen too, or even training for a caregiver at home. So, let's just say a child comes in, some of the policies will offer a little bit of cash that you're training with them to be able to offer better ways to care for that individual. And these things get missed a lot.

Kim Insley:

There are also some resources that you can tap into. It may not be about the money, but just help.

Chris Steffl:

A lot of the companies have done a really good job in putting almost care teams together and almost like a plan of care. That's what I was looking before, what I was trying to say. So, plan of care, which just lays out what does our daily activities look like with this individual? What's our game plan? Who's going to be involved with it? It's stressful when you're dealing with Mom or Dad going through this, so just even having somebody from a company lay out a game plan with your advisor is huge.

Kim Insley:

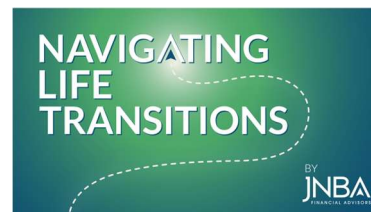
Well, what I like about what you're both saying, though, is get into the conversation early. Don't wait until the crisis, which has been the situation for too many of us, I think.

And then so the determination of when benefits can be tapped, there's some misconceptions about that, Chris, because people think I need to save this until I really need it. And that's not necessarily how you need to think about this.

Chris Steffl:

No, you're exactly right. I always say, I get that question a lot, "When should we trigger this?" And really, the instant somebody starts having problems or issues, we want to try to find out from the carrier what they need to feel like they can trigger that benefit by not meeting those

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two out of the six ADLs. I don't want to wait until a point where somebody is in a really tough situation and then they're trying to trigger it. Let's find a way in advance.

Kim Insley:

And an ADL is simply this thing happened, this happened

Chris Steffl:

Activities of daily living, so dressing, bathing, transferring continence, those type of things. And it's really having a conversation with the carrier. I think that's one thing. I think a lot of times people look at it as an adversarial call with the carrier, and it can feel that way if you're trying to get it all done at once. But the instant that Mom or Dad start having problems and they have that policy, I like to see that call being made. If there's a little shortness of memory or a little bit of problem, or even if it was heart surgery or whatever, let's have that conversation now with the carrier.

Kim Insley:

Well, and you said something that also was a revelation for me. There's a benefit to the carrier to having you access some of these smaller things that can help as opposed to waiting to the big crisis where it's going to cost the carrier more money. So, there's a financial incentive for them to try to pave the way so that you don't have the big crisis.

Chris Steffl:

Absolutely. No, that is a key on it. And that's why I think the carriers have offered that too, is just if they can help a little bit of transition through that, it makes a big difference for them too.

Kim Insley:

So, Luke, aligning this with a larger financial picture of the person that you're dealing with, what does that look like?

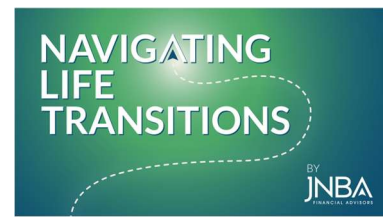
Luke Traxler:

Yeah, so going back to that point, our goal is for clients to really start utilizing these benefits as early as possible because you'd never know how long you'll need care or what that might look like. And so tapping into those benefits, getting as much out of this policy as you possibly can is our goal. And that's why we like to start the conversation with someone like Chris, to get this rolling as quickly as possible.

Kim Insley:

I'm sure you've probably seen some clients that didn't want to tap this thing because they wanted to save that as well, and then they ended up never being able to use it.

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Luke Traxler:

Correct, or they just don't know what is available. As we've already talked about, there are lots of things that may be covered that you just don't know about.

Kim Insley:

A question, we're assuming that many people listening already have their long-term care insurance in place, but I always think of it as a really expensive thing to have. Is it beyond the reach of a lot of people? Or with some planning, is it like, no, not only do you need to think about it, you probably can make it happen?

Luke Traxler:

Yeah, I think the education is the biggest piece today, knowing what is available and what options you may have, because traditional long-term care is different than what you might have access to today. There's lots of different types of policies. If you have old life insurance policies that have cash value, there may be opportunities there. So, talking with your advisor is a great way to just have the conversation and make an educated decision of if the insurance makes sense for you.

Kim Insley:

Okay. So, Chris, for you, everything we talk about involves some kind of an emotional component to get to the decision that they need to get to. So, what surprises people at this time when they're considering and then they're actually using the benefit, what do you find that people have in terms of their aha moment with you?

Chris Steffl:

I think probably the biggest thing is just sometimes the little things that can be done to maybe help assist that individual in getting through that. A lot of times, we're focused on the long-term care aspect of it, but I think a lot of it's the improvements that can maybe be done. With the house, maybe helping get into the shower or in the bathroom by bars, or maybe extra washing machines or dryers, things like that. But I think the biggest thing is just really trying to think through the whole situation.

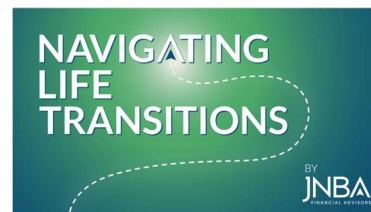
Kim Insley:

Do you think of it as there's this pot of money and you tap into that money? Or how does that work?

Chris Steffl:

Yep, so usually you're going to have a multitude of years that you've got access to this money. So, we think about it as a pot of money and then how fast it comes out monthly on it from there. And one of the things that has changed a lot is some of the newer plans now are just purely cash. So, when we used to look at these reimbursement plans, it was more about reimbursing back for

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a certified nurse at the home or a certified facility. Now, a lot of the policies pay cash. That could be used for a lot of things.

And I think one of the big things that I think is surprising even for me after all these years is that when we think about certified care, that's not necessarily as much needed as the custodial part. I think one of the biggest things that's more difficult for somebody, needing care is a lot of custodial. The cooking, the cleaning, the movement doesn't require a certified individual to do. And I think that's the thing is most people think about long-term care as this nurse that comes in to provide the care. A lot of times, it's more the basic things that need to be taken care of.

Kim Insley:

Yeah. My mom fell, broke her leg. And that was the care that she needed, was someone to help with those day-to-day things when we couldn't be there. That makes sense.

So, as we wrap this up, I'll ask each of you this. And I'll start with Luke, since you're at the front end of some of this stuff. What's something that you wish people really knew about having and using long-term care insurance?

Luke Traxler:

Yeah. I think the thing I wish people knew is just that it doesn't always include insurance. It's long-term care planning from our perspective. So, figuring out what will happen if you need help, and which family members might be involved, and how do we quickly and appropriately activate any insurance benefits that you may already have.

Kim Insley:

And everybody assumes they're going to be perfectly healthy until the day they drop dead-

Luke Traxler:

Correct.

Kim Insley:

... and so you have to have some tough conversations with people, right?

Luke Traxler:

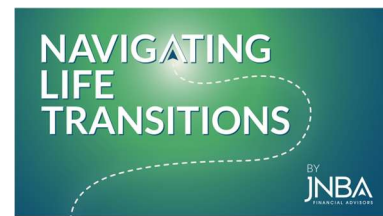
Yes. We often deal in worst case scenarios, so we are the appropriate people to have this conversation.

Kim Insley:

And they're very nice about it too, I'll say that.

Chris, what about you? What do you wish people knew about this?

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Chris Steffl:

I think the biggest thing is just reviewing the policies and really understanding what they have is probably number one thing. And then the second thing is just really starting to prepare even at the home in advance. So, instead of waiting for the last second to do something, which you look at it and you're like, "Well, this isn't long-term care," but I think it's a mix of everything. It's financial planning, it's preparing the family, and then understanding the policies at the same time.

Kim Insley:

Living your life, yeah.

Chris Steffl:

Yep.

Kim Insley:

If you have a policy that's decades old, are you stuck? What do you do with people who come in, their policy is one of the older policies, doesn't have all the modern innovations that these companies have worked so hard to provide, what do you do with them?

Chris Steffl:

So, a lot of the ones that go way back, and we never want to replace them because the pricing is extremely cheap compared to what it would cost to replace them, so oftentimes what we'll find is policies that maybe were a smaller benefit because the cost of long-term care was cheaper maybe decades ago. So, a lot of times, we're adding on top of them or we're trying to see what exactly that policy does. But I tell people, "No matter what, don't replace it," because unless it was written within the last year, it's almost impossible to touch the pricing on it, and so we usually almost always recommend keep it. And then just understanding how it works and how to apply it.

Kim Insley:

Check it every now and then so that you understand your policy. That's a good... It sounds like you have something to add to that.

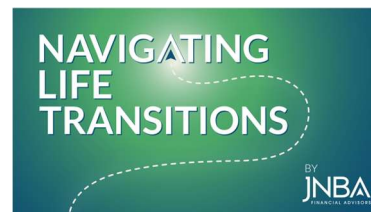
Luke Traxler:

Yep. No, I just say premium increases are extremely common. It's a great time to take a look at your coverage and explore ways to modify it or enhance it. Those are great times to just have that larger conversation.

Kim Insley:

And understand we're all humans. We're going to need help at some point.

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Chris Steffl:

Yes.

Luke Traxler:

Correct.

Kim Insley:

Whether you think so or not.

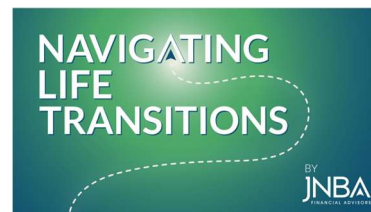
All right, well, Luke and Chris, thank you very much. It's certainly an important topic, and you've got my ears definitely tuned into this.

Thank you for listening as well. We appreciate that. And we hope you'll listen to our other Navigating Life Transitions podcast. You get the full list of all the episodes available online at jnba.com. There's an Insights tab. Click on that and you'll find the Podcast page.

And if you want to learn more about how JNBA can help you with navigating long-term insurance benefits or any financial goal in your life, give them a call at 952.844.0995 or you can use the contact form on jnba.com. You can schedule a complimentary, no obligation call with their experienced multi-generational team there.

Thank you again for listening. We always appreciate it. I'm Kim Insley, and I look forward to navigating more life transitions with you on our next podcast.

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