

“PLANNING FOR THE UNEXPECTED RISKS”

A Panel Discussion on Living Benefits Opportunities

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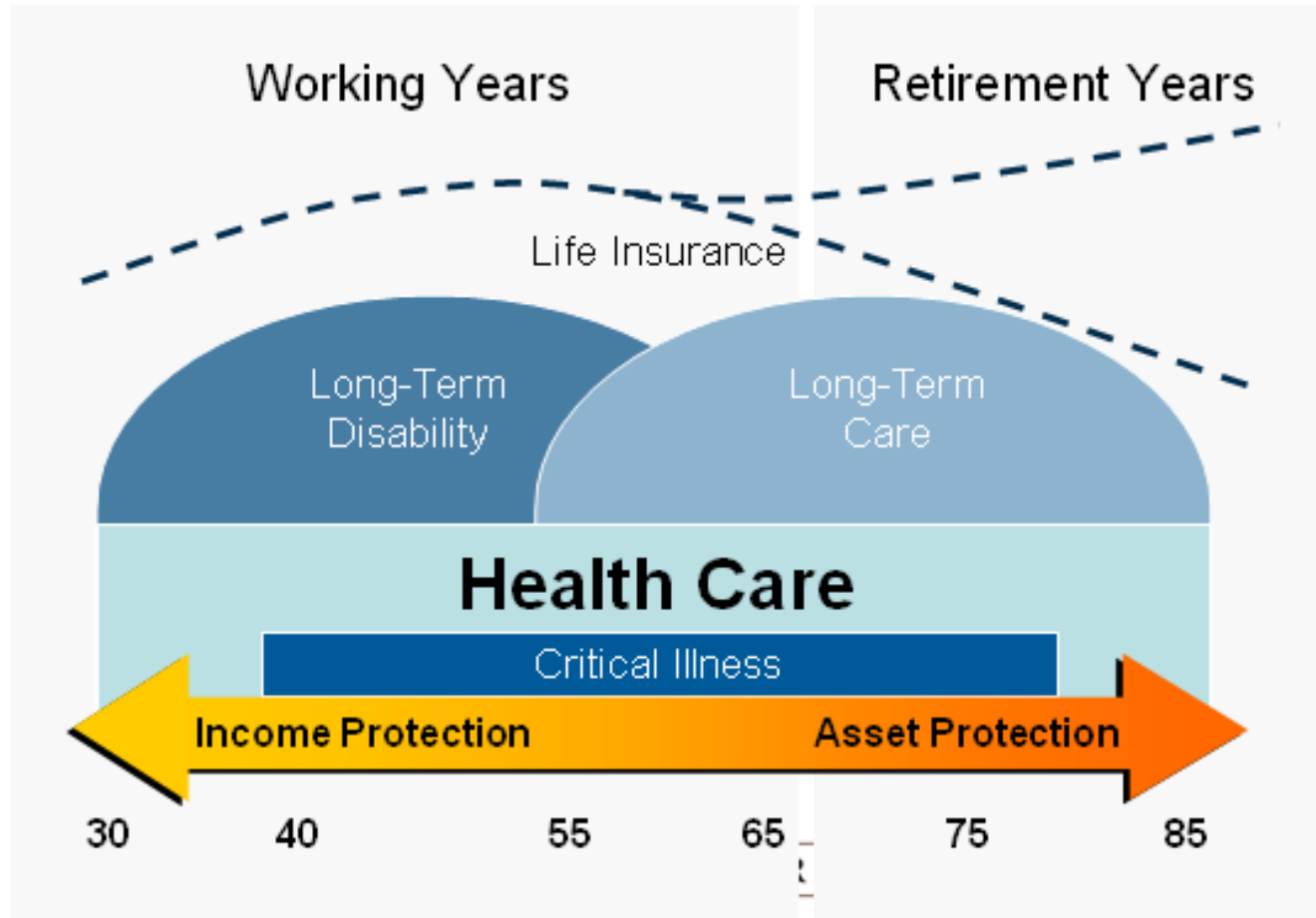
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Agenda

- Some thoughts on risk:
 - human capital
 - financial capital
- Critical Illness Insurance: clients want it
 - A case in point
- Long Term Care: where, when does it fit?
 - Is this just for the old?
 - What other opportunities are there?
- **A way to introduce Critical Illness to a LINW client**
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Lifeboats: Maintaining Financial Dignity





Key Advice for Boomers

1. Assume you will live to 100.
2. Have a long-term care plan.
3. Be ready for increasing health care costs.
4. Have an employment plan.
5. Create your own pension plan.



Lifestyle: A Couple Aged 65

Boomertirement™

To Age:	At Least One:
70	99.5%
75	97.2%
80	90.6%
85	75.9%
90	50.3%
95	22.1%



Consider Human Capital

Moshe Milevsky speaking at 2009 Annual MDRT meeting

- Most valuable asset on person's balance sheet until 50s
- Human Capital becomes Financial Capital
 - Need to protect both
- Speaks frequently of these risks
 - Market, Longevity and Sequence Risk
- Has now added “morbidity dimension”
 - “Any type of protection for human capital is a hedge against its uncertainty”

Critical Illness Insurance: clients

want it

Insurance Funding Alternatives

Mr. Client

Option A 10-year term

Option B Universal Life Assumed interest rate: 3%

Option C Universal Life Assumed interest rate: 3%

Year	Age	Option A			Option B			Option C		
		Annual Deposit	Cash Value	Death Benefit	Annual Deposit	Cash Value	Death Benefit	Annual Deposit	Cash Value	Death Benefit
1	60	9,385	0	2,000,000	39,715	0	2,000,539	173,384	57,624	2,135,464
2	61	9,385	0	2,000,000	39,715	0	2,001,213	173,384	124,804	2,280,484
3	62	9,385	0	2,000,000	39,715	0	2,001,911	173,384	274,764	2,430,444
4	63	9,385	0	2,000,000	39,715	0	2,002,632	173,384	429,830	2,585,510
5	64	9,385	0	2,000,000	39,715	0	2,003,377	173,384	590,179	2,776,006
6	65	9,385	0	2,000,000	39,715	0	2,004,148	0	618,491	2,735,251
7	66	9,385	0	2,000,000	39,715	0	2,004,946	0	608,264	2,725,024
8	67	9,385	0	2,000,000	39,715	0	2,005,770	0	597,689	2,714,449
9	68	9,385	0	2,000,000	39,715	0	2,006,623	0	625,204	2,703,044
10	69	9,385	0	2,000,000	39,715	0	2,007,505	0	651,656	2,690,576
11	70	64,445	0	2,000,000	39,715	8,416	2,008,416	0	677,683	2,677,683
12	71	64,445	0	2,000,000	39,715	9,359	2,009,359	0	664,351	2,664,351
13	72	64,445	0	2,000,000	39,715	10,334	2,010,334	0	650,565	2,650,565
14	73	64,445	0	2,000,000	39,715	11,342	2,011,342	0	636,310	2,636,310
15	74	64,445	0	2,000,000	39,715	12,384	2,012,384	0	621,568	2,621,568
16	75	64,445	0	2,000,000	39,715	13,462	2,013,462	0	606,325	2,606,325
17	76	64,445	0	2,000,000	39,715	14,576	2,014,576	0	590,563	2,590,563
18	77	64,445	0	2,000,000	39,715	15,729	2,015,729	0	574,264	2,574,264
19	78	64,445	0	2,000,000	39,715	16,921	2,016,921	0	557,409	2,557,409
20	79	64,445	0	2,000,000	39,715	18,153	2,018,153	0	539,981	2,539,981
21	80	121,665	0	2,000,000	39,715	19,428	2,019,428	0	521,959	2,521,959
22	81	COVERAGE LAPSES AFTER AGE 80			39,715	20,745	2,020,745	0	503,323	2,503,323

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partner program

Long Term Care: where, when does it fit?

- Govt. health care spending 5 times more on people over 65
- Risk is being transferred to private sector
- Self insurance needed for quality of life
- Is LTCI only for the old?
- Other uses for LTCI?

What if?

Impact on assets with a long term care need at 75

- No need or insurance \Rightarrow assets last until 96
- No insurance but need \Rightarrow assets last 3

