

 Manulife Financial

# Dialogue

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Feature story

## LivingCare

An interview with  
Mark Halpern





# LivingCare and the real cost of long term care

“Advisors shouldn’t ignore planning for long term care,” says advisor, **Mark Halpern**, CFP and founder of illnessPROTECTION.com. Mark should know. As a trusted advisor, with a deep passion for earning his clients’ confidence, he has had significant success in the business and attributes that success to providing straight-forward facts so his clients can prepare responsibly for the future.

We met with Mark recently and he told us why long term care insurance has finally come of age in Canada and why LivingCare, Manulife’s long term care plan, is far ahead of the competition. He shares his sales tips and identifies tools you can use to sell LivingCare, at the same time ensuring that your clients are informed and aware of the real costs of long term care.

## Secret to selling LivingCare

Advisors have to target the right clients – middle and upper income clients. Working with their clients, advisors should highlight the real costs of long term care – costs that have to be paid after tax. Most of Mark’s clients buy long term care insurance from age 60+. Others buy it when they are young and healthy or have experienced a long

term care situation with a parent – it’s cheaper then and they can qualify more easily.

So who will LivingCare appeal to? It will appeal to:

- Women who have been the caregivers in their family and know the reality of providing care for a long period of time.
- Men who are not naturally good at being caregivers and will need assistance for their spouses.
- Children of older parents who may require long term care in the future but haven’t planned for it.

“I bought a long term care policy for my 62-year-old mother-in-law in case something goes wrong. My wife Rhonda, is one of two siblings and her brother lives out of the country. It just made sense,” said Mark.

## Tools to sell the benefits of LivingCare

Mark begins with a comprehensive financial planning activity with his clients. He explains, “With the financial plan, you can project their life expectancy and retirement income needs based on current assets. Often it’s good news – financially they’re going to make it. That’s when I ask my clients: BUT WHAT IF? What happens if they need homecare or facility care in the later stages of life? What if they are fortunate enough to live beyond life expectancy and need this care for an extended period? Most people have not planned for these events or their related costs.”

He continues, “Then I ask my clients: what would they like to see happen? They’ll tell you that they’d like to stay at home and they don’t want to be a burden to their kids.

The one thing Mark emphasizes that advisors shouldn't do is ignore planning for long term care.

### LivingCare is important and relevant now

Three major reasons LivingCare is more important than ever:

1. We can't rely on government to take care of us in our old age. Statistics Canada has projected, for example, that by 2021 there will be almost seven million seniors, who will represent 19% of the total population, and that by 2041, there will be over nine million seniors, who will make up an estimated 25% of the population. The demand for care facilities and home care will be huge and the cost

burden to support family members will continue to rise.

2. We are living longer and we need to think about how we're going to enjoy a good quality of life. People need to take personal responsibility with "Care and Keep programs" – from long term care protection to annuities to guaranteed investments.
3. We don't spend enough time planning ahead. In my experience, most people spend less than five minutes per year thinking about their financial situation and how they will weather their retirement if something goes wrong like getting sick or living too long. A 2002 Ipsos-Reid study

discovered that 42% of Canadians are concerned that they will have to care for their parents when they get older.

"We are trusted advisors for our clients and they expect us to provide them with the knowledge and products they need," says Mark. What clients really need to know is how to financially prepare for a long life – for the possibility of needing long term care. Mark continues, "If we don't talk about this with our clients, we also run a real risk of potential liability. Until now, there hasn't been the right product in the marketplace. The new LivingCare product that Manulife has introduced is taking the lead in the market."



## LivingCare is the better option to setting aside savings for long term care

Mark sees purchasing LivingCare as a defensive asset strategy – either spend from your current investment portfolio or buy LivingCare to fill the potential black hole.

If a client is forced to pay for long-term care costs out of their after-tax savings there could be

considerable loss of estate value to the extent that the funds may be completely depleted. For example, a long term care facility costing \$4,000 per month over 10 years adds up to nearly \$500,000 that has to come out of the client's after-tax savings!

With LivingCare, there is a much better chance that assets won't be depleted and therefore the kids won't have to financially support their parents. And the benefit is non-taxable\*. To follow along with

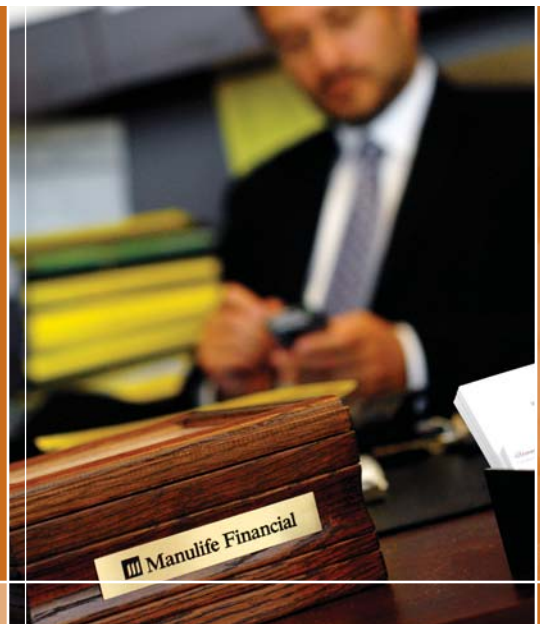
the example, for a male age 50 it would only take about \$140\*\* a month in LivingCare premium to purchase a policy that would more than cover the monthly \$4,000 long term care facility costs! Assuming the client already has savings they could likely pay this premium with investment income from their savings. **D**

\* Like critical illness insurance, the taxation of long term care insurance, particularly with return of premium benefits on death, has not been confirmed by the Canada Revenue Agency. It is Manulife's view that LivingCare with the Return of Premium on Death Rider should be viewed as accident and sickness insurance and therefore, not taxable.

\*\* Premium required for a \$5,000 monthly Care Benefit for a male, age 50, with a total Amount of Insurance of \$500,000, waiting period of 90 days, premium payable to age 100, and without the Return of Premium on Death Rider or the Inflation Protection Rider.

## Advisors should simply ask their clients:

- What happens if they require long term care in the later stages of life?
- How would they like to be taken care of if something unexpected requiring long term care were to happen?





## About Mark Halpern:

Mark Halpern, CFP, is the founder of illnessPROTECTION.com Inc. He has been an independent advisor since 1991 specializing in living benefits. For the past two years, he has been the top living benefits advisor in Canada for Manulife. He is also one of the top life insurance producers for Manulife in Canada using living benefits as the key introduction to high net worth clients.

Mark is a member of The Top of the Table, the Canadian Advanced Life Underwriters Association (CALU) and The Toronto Estate Planning Council. He is kept busy with community organizations, industry speaking engagements, as a chaplain for a local hospital, and as a marriage coach. Website: [illnessPROTECTION.com](http://illnessPROTECTION.com)

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# Benefits of LivingCare for clients

“LivingCare is the best long term care product in the Canadian marketplace,” says Mark Halpern. “It provides the most flexibility; it makes the most sense and is easy to understand. It was designed through insight into the U.S. marketplace where long term care insurance has been sold for years and is more entrenched in the minds of advisors and consumers. I love the Shared Coverage option! If one spouse doesn’t need it, it can be used by the other. I also like the Limited Pay feature and the Return of Premium on Death option.”

LivingCare has many choices for clients, it’s affordable, and it’s easy to understand, which makes it outstanding compared to other products here in Canada. LivingCare is a unique product with lots of built-in choice with features including:

- Single Life or Shared Coverage for couples (married or common law partners)
- Pay to age 100 or two Limited Pay options:
  - o accelerated payments for 15 years
  - o accelerated payments to age 65 (available on Single Life plans only).
- Amount of Insurance options:
  - o A minimum of \$25,000 to a maximum of \$1 million for Single Life plans
  - o A minimum of \$50,000 to a maximum of \$2 million for a Shared Coverage plan (subject to income requirements and maximum monthly benefit guidelines)
- Monthly Care Benefit that automatically doubles for facility care
- Optional Riders:
  - o The Inflation Protection Rider increases the amount of insurance by 2%, compounded annually. And it continues being applied even during a claim.
  - o The Return of Premium on Death Rider – returns a portion of the eligible premiums paid, minus any Care Benefits already paid, when the insured person dies. For Shared Coverage the benefit is payable on a joint last-to-die basis.
- Care Advisor Services help clients and their families navigate their local long term care network.

