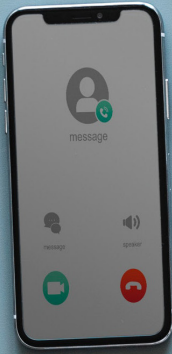




LIFE SETTLEMENT ADVISORS



LIFE INSURANCE

A. General Questions

Proposed Insured's Name: _____ Gender: Male Female

Birth Date: _____ Sex: Male Female

Address: _____

Phone Number: _____

ID Number: _____

Status: Single Married Divorced Widowed

Occupation: _____

B. Type of Coverage

Employee Plan Choice: Yes No Spouse Plan Choice: _____

Complete if Spouse/Children are Proposed for Insurance:

Name	SSN No.	Age	Sex

C. The Policy

Units: Annual Semi-Annual

Payment Mode: _____

Cash with Application: \$ _____

Planned modal premium: \$ _____

Terms & Conditions
Improvement should be measured regularly and assessed in order for you to know what's beneficial and what is not. This will help you set new targets.



HOW TO PLAN FOR HEALTHCARE COSTS IN RETIREMENT



Introduction

The United States is in the midst of massive change in healthcare. With costs rising, insurance plans changing every day, and the future of Social Security in question, today's seniors are entering their retirement years wondering how they'll pay for the ongoing healthcare they need: How much can I expect to pay for my prescriptions? What will happen if I need long-term care? What kind of healthcare coverage will I need in the future?

There's no telling what your future will hold when it comes to your health, but one thing is certain: Planning today will help you make the most of your golden years tomorrow. In this guide, we've collected information about age-related diseases, the estimated costs of common health issues, and the many financial resources seniors have to cover the cost of their care. We hope reading this guide will inspire you to think critically about what your health care will require from a financial perspective and equip you to prepare for what comes.

What kind of healthcare coverage will I need in the future?



Health and Aging

When people estimate how long they'll live in retirement, it's common to use tools like retirement calculators. These tools often ask questions about family health history with a special eye on the lifespan of close relatives to estimate how long you'll live in retirement. In reality, studies suggest there is little correlation between your genes and longevity.¹

That said, it can be helpful to review family health history for another purpose: Understanding your risk for certain genetic and age-related diseases. No one can know for sure what the future holds, but there may be indications in your family history that certain types of cancer, dementia, or diabetes could pose a risk in your future. The first step to planning for healthcare costs in retirement is to review common age-related health risks, especially those with hereditary patterns, to anticipate what sort of care you may require in the future.



¹ <https://www.consumerreports.org/cro/news/2015/06/life-expectancy-and-retirement-planning/index.htm>



Common Age-Related Diseases

CANCER

Cancer is not one disease, but a name given to many types of diseases that involve the rapid, uncontrolled division of cells. This causes some cells, which are damaged or abnormal in some way, to grow rapidly into tumors and other malignant growths. By age 85, 30% of people will have been diagnosed with some form of cancer at some point in their lifetime.²

► Is cancer hereditary?

Most forms of cancer are not hereditary. In fact, only 5-10% of cancer cases are inherited. Some forms of cancer, like certain types of breast cancer, can be more prevalent in populations with certain genes.³

DEMENTIA

The term “dementia” refers to a decline in cognitive abilities in advanced age. There are many causes of dementia, including Alzheimer’s—which is currently untreatable—and other, more treatable triggers like head injuries, infections, and brain tumors. Someone is diagnosed with dementia every 66 seconds in the United States.⁴

► Is dementia hereditary?

Some forms of dementia are hereditary, like Huntington’s Disease. Many forms, however, are not; Alzheimer’s is not inherited in 99% of cases, but is much more influenced by age.⁵

TYPE 2 DIABETES

“Diabetes” refers to three different diseases with a common effect: The body is unable to properly use insulin to process blood sugar. Type 2 Diabetes is the most common form of the disease, which occurs often due to lifestyle factors.⁶ Over time, people with diets high in carbohydrates, who are overweight, and who get little to no physical activity can become less sensitive to insulin and experience a prolonged, elevated blood sugar level. This, in turn, can require medicines and insulin injections to be managed properly, and can lead to severe long-term effects if left untreated.

► Is type 2 diabetes hereditary?

Type 2 diabetes is itself not inheritable, but your family history can be a good indicator of your predisposition to diabetes.

² https://en.wikipedia.org/wiki/Aging-associated_diseases

³ <https://www.cancer.org/latest-news/how-family-history-really-affects-your-cancer-risk.html>

⁴ https://www.lsa-llc.com/wp-content/uploads/2018/04/LSA-WP_Dementia_final.pdf

⁵ <https://www.alzheimers.org.uk/about-dementia/risk-factors-and-prevention/is-dementia-hereditary>

⁶ <https://www.cdc.gov/diabetes/basics/type2.html>



OSTEOPOROSIS

Osteoporosis is a condition where bones become brittle and more susceptible to breaks, either because the bones are unable to produce enough tissue or become weak from a lack of nutrients. Osteoporosis becomes more common with advanced age, and today 10 million Americans live with the disease, with a further 44 million at risk with low bone density. Women are especially at risk for bone breaks due to osteoporosis. In fact, their risk from osteoporosis is greater than their risk of heart attack, stroke, and breast cancer—combined.⁷

► Is osteoporosis hereditary?

Studies show that genetics contribute greatly to a person's bone density, which means that your risk for osteoporosis may be indicated by a family history of bone breaks or low bone density in advanced age.⁸

ARTHRITIS

Arthritis is the inflammation of one or many joints that affects 40 million people in the United States.⁹ Osteoarthritis is a common form, which results from normal wear and tear in advanced age. Rheumatoid arthritis, on the other hand, is an autoimmune disorder which can result in severe bone and tissue loss in joints. The onset for arthritis typically occurs after 65 years of age.¹⁰

► Is arthritis hereditary?

Studies have shown that there are genetic markers which increase the risk of rheumatoid arthritis by five times, which means a family history of the disease could indicate increased risk.¹¹



⁷ <https://cdn.nof.org/wp-content/uploads/2015/12/Osteoporosis-Fast-Facts.pdf>

⁸ <https://www.ncbi.nlm.nih.gov/pubmed/17466098>

⁹ <http://www.nytimes.com/2010/03/04/business/retirementspecial/04LIFE.html>

¹⁰ <https://www.healthline.com/health/arthritis>

¹¹ <https://www.healthline.com/health/arthritis>



Estimating Rising Healthcare Costs in Retirement

*While there is no magic number for you while you build your retirement budget, make no mistake: Healthcare costs a lot of money. Experts estimate the average couple will need **\$280,000 for healthcare in retirement**—and that doesn't even count long-term care.¹²*

PRESCRIPTION COSTS

Many retirees utilize Medicare Part D to help cover prescription costs. We'll take a closer look at Medicare and its benefits in the next section of this guide, but we can use Medicare Part D's cost structure to help estimate ongoing drug costs in retirement:

- ▶ **Premiums:** For most people, Medicare Part D carries a monthly premium of \$41.
- ▶ **Deductibles:** A majority of plans in Medicare Part D have a maximum deductible of \$405 per year before any medication will be covered.
- ▶ **Copays:** Medications in the program are tiered, with many medications carrying no copay or a very low cost of \$1. Some drugs can cost as much as \$37 even with coverage.
- ▶ **Coinsurance:** For certain specialty drugs, there is an additional coinsurance charge of up to 40% of the prescription cost.
- ▶ **Not covered:** Medicare does not cover vitamins or over-the-counter medications at all.

THE BOTTOM LINE: Before even factoring in the copay or coinsurance costs of your medications, plus anything not covered by Medicare, you can expect to pay an average of **\$897 per year** for your prescription coverage.¹³

MOBILITY COSTS

With advanced age can come many costs associated with mobility, your ability to get around and take care of yourself on a daily basis. Sometimes, that means expensive joint surgeries or replacements. Other times, these costs might be more related to equipment you need.

- ▶ **Joint Surgeries and Replacements:** Using a total knee replacement surgery as an example, the average total cost for pre-surgery preparations, the procedure itself, and care after the fact adds up to a total of around \$57,000. Once insurance or Medicare is factored in, your actual expenses can vary; procedures this expensive often will eat up an entire deductible or leave Medicare patients with hundreds of dollars of out-of-pocket expenses.¹⁴
- ▶ **Mobility Equipment:** Equipment like wheelchairs, crutches, and walkers are often covered at least in part by most insurance and Medicare. As an example of the high end, a motorized wheelchair with all its components could cost up to \$25,000, with 80% of the cost paid for as long as the device is up to code. The final out-of-pocket cost to you would then be \$5,000.¹⁵

THE BOTTOM LINE: There's no perfect way to predict what mobility costs you will incur in retirement, but should you find yourself in need of joint surgery or expensive mobility equipment, you can expect to max out your deductible or pay extra out-of-pocket costs.

¹² <https://www.fidelity.com/viewpoints/personal-finance/plan-for-rising-health-care-costs>

¹³ <https://money.usnews.com/money/retirement/medicare/articles/2018-06-25/prescription-drug-costs-retirees-should-expect-to-pay>

¹⁴ <https://www.healthline.com/health/total-knee-replacement-surgery/understanding-costs#1>

¹⁵ <http://www.newmobility.com/2016/04/understanding-dme-prices/>



LONG-TERM CARE COSTS

There are many reasons why seniors may need long-term healthcare in retirement, and there are just as many definitions for the term “long-term care.” This could refer to a long-term stay in a skilled nursing home, or it could be something as simple as getting some help with basic housekeeping duties at home.

- ▶ **Nursing Home Costs:** Average costs for nursing home or assisted living facilities can range from \$100 to over \$250 per day. With Medicare and most private insurers, only 100 days of this care is covered, and only following a hospitalization.
- ▶ **In-home Care:** There are many forms of in-home care, which can start at \$20 per hour. Some adult day

care facilities can make it easier for seniors to stay home for the most part, but can cost \$68 per day on average.

- ▶ **Housekeeping:** While housekeeping could be as vital a need as medical care, Medicare and most private insurance do not cover this form of care, which can cost as much as \$20 per hour.

THE BOTTOM LINE: Long-term care is expensive. Much of it is not covered by insurance or Medicare outside of specific circumstances.¹⁶

AGE-RELATED DISEASE COSTS

In addition to these other common healthcare costs, your risk for the age-related diseases we covered in the previous section of this guide could also add expenses to your budget in retirement.

- ▶ **Cancer costs:** With so much variety in coverage and treatment for different types of cancer, it can be difficult to pinpoint an average cost. The American Cancer Society published a report in 2017 that offered case studies in expense, which listed an example of a patient with private insurance paying roughly \$4,000 out-of-pocket in one year and an example of a patient with Medicare paying roughly \$1,400 out-of-pocket.¹⁷
- ▶ **Type 2 diabetes costs:** Each year in the United States, people with diabetes incur medical costs upwards of \$10,000 specifically related to the disease. Much of these costs are covered by insurance and Medicare, but also mean these patients may end up paying their full deductible each year.¹⁸
- ▶ **Dementia costs:** Dementia can often represent a degenerative condition which may require ongoing,

long-term care. Review the costs associated with long-term care listed in this section for insight into the potential expense of Alzheimer’s or other cognitive diseases.

- ▶ **Osteoporosis costs:** The average cost for non-surgical treatment of a broken bone is \$2,500. Especially if you incur a break early in the year, that could max out your deductible. Surgical procedures may cost even more.¹⁹
- ▶ **Arthritis costs:** Drugs for rheumatoid arthritis are the second most expensive class of pharmaceuticals, and some injection treatments can cost as much as \$15,000 each. Most of that may be covered by insurance or Medicare, but some patients can still receive bills for as much as \$5,500 beyond what is covered.²⁰

THE BOTTOM LINE: In many of these cases, the greatest threat to a retiree’s budget comes in the form of a deductible. Age-related diseases often come with expensive treatments and long-term care, which can quickly cause seniors to max out their deductibles.

¹⁶ <https://longtermcare.acl.gov/costs-how-to-pay/costs-of-care.html> and <https://longtermcare.acl.gov/costs-how-to-pay/what-is-covered-by-health-disability-insurance/index.html>

¹⁷ <https://www.acscan.org/sites/default/files/Costs%20of%20Cancer%20-%20Final%20Web.pdf>

¹⁸ <http://www.diabetes.org/advocacy/news-events/cost-of-diabetes.html>

¹⁹ <https://www.lendingpoint.com/blog/broken-arm-or-broken-wrist-what-it-costs-and-how-to-pay-for-it/>

²⁰ <https://www.healthline.com/health-news/rheumatoid-arthritis-heavy-cost-to-patients-economy#4>



Evaluating Resources to Finance Healthcare

Planning ahead is the key to meeting financial challenges when they arise in retirement. It's critical that you review the resources at your disposal right now, whether you've retired or not, to cover both the expected costs of living and those unexpected healthcare expenses as they come. Let's explore some potential sources of income to help you weather any storm, both those you can embrace today if you're still working, or those you can explore in your retirement years.

1 Health Savings Accounts: Many private health insurance plans offer or can be supplemented with Health Savings Accounts (HSAs), which allow you to save money pre-tax for the purposes of healthcare. If you are currently working and have access to an HSA, talk to a trusted financial professional about the potential benefits of maxing out your annual contributions. As of 2018, you can save up to \$4,450 per year if you're over 55, or up to \$7,900 for family plans.²¹

2 Retirement Savings Accounts: Another good way to prepare for healthcare and any other expenses in retirement is to make the most of retirement savings accounts like Individual Retirement Accounts (IRAs) or employer-sponsored 401(k) plans. Individuals over 50 can contribute up to \$6,500 per year to an IRA, and up to \$24,500 in an employer-sponsored retirement plan. Especially if you are still working, consider increasing your 401(k) contributions in order to maximize employer contributions, which can greatly increase the money you're saving, investing, and growing to finance your retirement.²²

3 Medicare: Medicare is a multi-faceted program that offers seniors a variety of plans to help pay for the cost of healthcare in retirement. You can choose to receive Original Medicare benefits directly from the government (Medicare Parts A & B), a private Medicare Advantage plan to provide Part A & B plus other benefits (Medicare Part C), and/or prescription coverage with Medicare Part D. Each component of Medicare has

its own premiums and other costs, and can work together with private insurance to help cover the cost of care. Visit [medicare.gov](https://www.medicare.gov) to learn more about your options.²³

4 Social Security: There is a lot of uncertainty out there about the state of Social Security, and whether or not seniors will be able to continue relying on it as a secure source of income in retirement. The truth is, Social Security will likely remain solvent at least until 2092. Benefits may decrease by around 25% by 2037, but only if steps aren't taken before then to address the diminishing trust fund designed to supplement FICA taxes and fund the program. If you've paid FICA taxes for many years and are planning to take Social Security benefits, you can maximize your monthly income by waiting until age 70 to begin drawing.²⁴

5 Life Insurance Settlements Finally, one often overlooked source of retirement income is your life insurance policies. Did you know you can sell all or a portion of a life insurance policy, even term insurance? Do you have a life insurance policy you no longer want or can afford? Today you can sell your policy for an immediate cash payment. For many, high life insurance premiums represent a significant expense in a retirement budget. If you've questioned paying premiums on a life insurance policy you no longer want or need, you may be able to sell your policy in the life settlement market for a lump sum payout. This could both remove the burden of your premium payments while also providing a significant boost to your available finances to cover ongoing healthcare costs.

²¹ <https://www.cbsnews.com/news/irs-allows-higher-retirement-savings-account-limits-in-2018/>

²² <https://www.cbsnews.com/news/irs-allows-higher-retirement-savings-account-limits-in-2018/>

²³ <https://www.medicare.gov/sign-up-change-plans/decide-how-to-get-medicare/your-medicare-coverage-choices.html>

²⁴ <https://www.lsa-llc.com/the-state-of-social-security-in-2018-and-beyond/>

Conclusion

Many seniors do not know that their life insurance policies are actually assets they can buy and sell just like a house or a car. Instead of surrendering your life insurance policy for a small fraction of its worth, seniors can actually engage in a life settlement and sell all or a portion of their policy—even term life insurance—for an amount much greater than the cash surrender value. Finding the right company to handle your life settlement means finding someone you can trust, someone who provides resources on the process, and walks you through each decision. Life Settlement Advisors is that company. We make it easy to learn about life settlements and can answer questions like “What is a viatical settlement?” or “What age do I need to be for a life settlement?”

Healthcare represents a tremendous unknown. Seniors across America are working to plan for the future and meet any financial obligation that may come, but they don’t have to go it alone. While it helps to think about the health issues you may face, their potential costs, and your resources to fund your ongoing care needs, nothing beats good planning to secure financial freedom. The more information seniors can read and share with family members to help them take advantage of every resource at their disposal, the better everyone can prepare for the future.

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