



A Simple *Solution*

to a very serious
business matter

MetLife®

Metropolitan Life Insurance Company

New York, NY 10166

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ADF#1402.04 L05117PSO(exp1006)(CA) MLIC-LD

An Approved Participant In



The MetLife

Multi-Life

Long-Term Care Insurance (“LTCL”) Discount Program

*Endorsed by the
California Partnership for Long-Term Care
(“CPLTC”)*



A New Employee Benefit

- Long-Term Care Insurance (“LTCI”)
- Why LTCI?
 - The aging of America’s work force will have an impact on your business
 - For the aging workforce, child care needs are being replaced with elder care issues
 - Employees are leaving work or taking time off to take care of an elderly family member¹
- Businesses lose between \$11 billion and \$29 billion per year in productivity costs due to caregiving responsibilities²

¹. AARP, *In the Middle: A Report on Multicultural Boomers Coping with Family and Aging Issues*, July 2001.

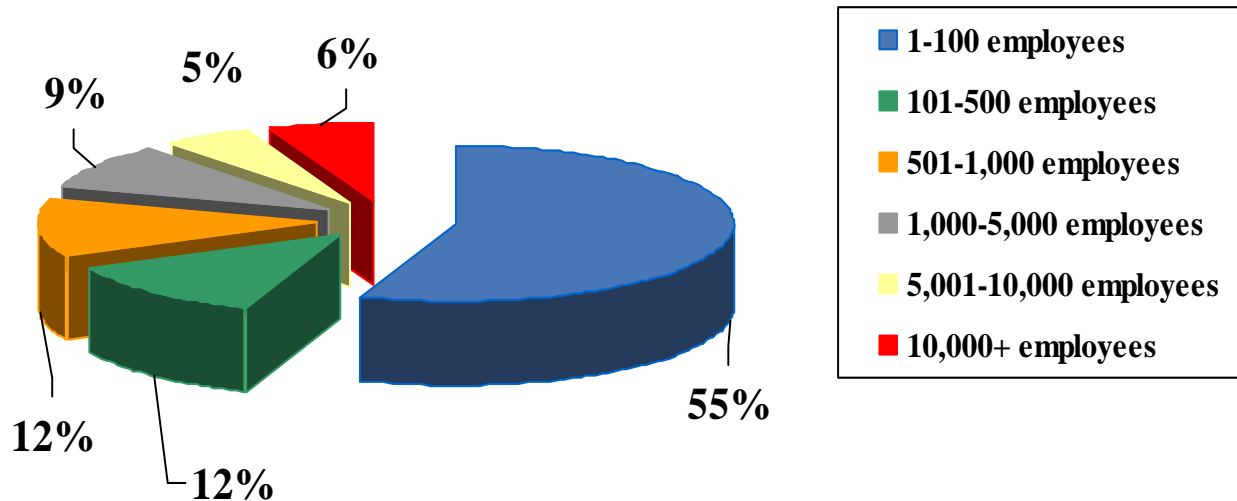
². “Toward A National Caregiving Agenda: Empowering Family Caregivers in America,” 2001.

Consider These Facts on Workforce Caregivers

- More than one-fifth (22%) of the Sandwich Generation (those age 45 to 55 with aging parents and children under 21) furnish aid to their parents, other elderly family members, or both
 - 17% personally provide help, which may include money as well as other forms of assistance, and another 5% provide financial support alone
- From 1996 to 2001:
 - 43% of older Boomers have taken time off from their own jobs to care for someone
 - 17% have reduced the amount of time they work

Source for slide: AARP, *In the Middle: A Report on Multicultural Boomers Coping with Family and Aging Issues*, July 2001.

The Trend: Sizes of Companies Offering LTCI



“By the end of 2001, more than 4,700 employers in the U.S. were offering a long-term care insurance plan to their employees, retirees or both.”

Source for slide: AHIP Long-Term Care Insurance in 2002, June 2004.

Note: Due to rounding chart does not add up to 100%

The Solution: Long-Term Care Insurance

- Most Americans access health insurance benefits through their employers
- LTCI through the workforce can generally be purchased by employees or retirees, their spouses, domestic partners, parents, parents-in-law, step-parents, grandparents, grandparents-in-law and children 18 or older
- Discounted Premium Rates
- Executive Carve-Out Possibility

Benefits to the Employer

- Premiums paid by the employer for employees, their spouses or domestic partners and certain dependents may be 100% tax deductible as a business expense, reducing the taxable income of the employer¹
- When employee-paid, there is little or no cost to the business
- Rounds out benefit package
- More satisfied employees
- Socially responsible

Note: There may be implications under the Employee Retirement Income Security Act (ERISA) depending on how LTCI policies are made available to the employees and whether such an arrangement constitutes an “employee benefit plan” under ERISA. Employers should consult their own tax and legal advisors for further information on potential ERISA implications.

Footnote 1 : Speaker must read text from speaker notes corresponding to footnote.

Benefits to the Employee

- May help preserve retirement accounts and savings
- Employer-paid premiums are generally not taxable as income¹
- Employee-paid premiums may be deductible as a medical expense, if they exceed 7.5% of adjusted gross income
- LTC benefits are not generally taxable to the employee
- Coverage is fully portable
- Eligible family members can also apply for coverage at discounted premium rates

Footnote 1 : Speaker must read text from speaker notes corresponding to footnote.

Executive Carve-Out

- Ability to select key employees/executives, including owner/employees
- Rewards and recognizes key executives for their hard work and dedication
- Provides a desired benefit for key individuals and their spouses

How an Executive Carve-Out Plan Works

- “C” Corp pays premium for select employees or key executives
- Premium can be a business expense tax deduction for the corporation
- Premium paid by the business should generally not be counted as income to the employee
- When policy benefits are received they are generally not taxed

The Bottom Line...

- LTCI premiums paid on behalf of employees and their spouses or domestic partners (including owners) may be 100% tax deductible to the corporation as a business expense¹
- Premiums paid by the business generally do not count as income for the employee²
- LTCI benefits received are not generally taxed
- Employer can pay premiums exclusively for employees on a selective basis
- Making LTCI part of your benefits package will provide you, your employees and families with coverage for an unforeseen illness that could affect all you have worked for

Footnote 1 and 2 :Speaker must read text from speaker notes corresponding to footnote.

Partnership Exclusive Feature: Asset Protection

- Enables employees to purchase a plan with coverage equal to the amount of assets they wish to protect
- An added level of protection for assets
- Allows for the purchase of a less expensive, shorter duration LTCL policy

Partnership Policy Example

- Joe Smith purchases a CPLTC insurance policy in the year 2005. In the year 2010 Joe requires LTC services
- The total policy benefit available is \$300,000. In 3 years he exhausts the \$300,000 (Assume Nursing Facility yearly cost of \$100,000.)
- Joe applies for Medi-Cal since he still needs care. Based on current year 2005 Medi-Cal rules Joe must spend down his assets to \$2,000
- Joe has assets valued at \$350,000
- The CPLTC policy protects \$300,000 of assets. Medi-Cal rules allow him to keep \$2,000. Medi-Cal will only require that he spend down \$48,000 of the \$350,000 in assets. ($\$350,000 - \$300,000 - \$2,000 = \$48,000$)

What We Provide

- An Awareness Campaign for your employees
 - E-mails
 - Newsletters
 - Posters
- A successful Education and Enrollment Program
 - Seminars
 - Website
 - Educational materials
 - On-site MetLife/CPLTC Authorized Agents
- Timely claims processing

What Does the Multi-Life Program Offer?

- LTCI policies with an array of coverage options and features
- Optional riders to enhance benefits and optimize the value of each plan
- A premium discount applicable to employees/retirees of businesses and their eligible family members

Why MetLife?

Financial Strength

- MetLife is the largest provider of group Long-Term Care Insurance in the country with 30% market share of in-force premiums¹
- MetLife consistently gets high marks from all the leading insurance industry experts, including an A+ (Superior) rating from A.M. Best for financial strength and an AA (Very Strong) rating from Fitch for claims paying ability²

¹ LIMRA International, Inc. Report, 2004

² Ratings (as of September 2004) are not recommendations of specific policy provisions, rates, or practices.

Why MetLife?

MetLife has more than 135 years of insurance experience.

- MetLife was one of the first companies to offer Long-Term Care Insurance
- MetLife is the only endorsed provider making Long-Term Care Insurance available to AARP members
- MetLife in conjunction with another carrier, is a selected provider for the Federal Government's Long Term Care Insurance program for Federal Employees
- MetLife is a provider of Long-Term Care Insurance for many Fortune 100 companies and associations
- MetLife has never raised rates on any employer, association or individual Long-Term Care Insurance policy or contract

Next Steps

Your role:

- Provide MetLife with an overview of employee demographics
- Provide MetLife with a list of available communication vehicles
- Arrange for an Informational meeting and provide sign-up information
- Support follow-up initiatives

Next Steps

Our role:

- Work with you to define the program benefits
- Map out an effective communication strategy
- Provide employees with information on the product, including an informational meeting
- Provide you and your employees access to MetLife/CPLTC Authorized Agents for any questions or concerns throughout the enrollment period
- Conduct follow-ups throughout the enrollment period
- Facilitate ongoing awareness activities

Important Information

- Coverage is offered by the following Metropolitan Life Insurance Company policies: LTC2-IDEAL-CAP and LTC2-FAC-CAP.

California Partnership Long-Term Care Insurance is issued and distributed by Metropolitan Life Insurance Company (“MetLife”), New York, NY 10166. This policy is guaranteed renewable and cannot be cancelled due to an increase in your age or a change in your health. Premium rates can only be raised as the result of a rate increase made on a class-wide basis in California and approved by the Department of Insurance. Like most long-term care insurance policies, MetLife’s policies contain certain exclusions, limitations, elimination periods, reductions of benefits and terms for keeping them in-force.

- Any discussion of taxes is intended to be general in nature. Actual tax consequences depend on your particular situation. Tax laws are subject to change and to different interpretations. MetLife does not provide legal/tax or ERISA advice. Consult your own legal, tax and ERISA Advisors.
- The insurance coverage discussed in this presentation is intended to constitute qualified long-term care insurance under Section 7702B(1)(b) of the Internal Revenue Code of 1986.

Thank You

have you met life today?sm