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LONG-TERM CARE – MORE THAN JUST AN EXECUTIVE BENEFIT

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Earlier this year, the economy was outstanding and had been for years. As professionals, we relied on our robust retirement investments to address not only our future income needs, but also the uncertainty of a disabling long-term care event. Suddenly, the COVID-19 crisis struck, and uncertainty ensued. Now, financial markets are in flux, and our personal economic prospects are in question. The cost of care due to an illness, accident, or the impact of age is now a greater threat to the nest egg than previously anticipated.

For many, searching for a long-term care protection option begins at the workplace. An employer-sponsored long-term care plan is a sticky (i.e., valuable and improves retention) benefit that provides discounted pricing and simplified medical underwriting to employers. To utilize these benefits, an employer typically offers a certain level of financial contribution to the entire company or a core group of ten or more people. Some businesses may elect to fund a plan only for c-suite professionals or owners.

Recently, a more popular approach has been to offer plans rewarding those folks who have contributed so much to the success of their business – the “long-timers” who have provided years of service to the company. These are the people who may not have the top brass titles but earned a special benefit recognizing their

loyalty. Additionally, they may be the people who will need to live off their savings after retirement and are therefore more vulnerable to a long-term care event.

As more and more employees are turning to their employer for financial wellness options, it is no wonder that long-term care insurance is one of the fastest-growing benefit plans being offered.

Employer-sponsored long-term care is perfectly leveraged – premiums are tax-deductible to the employer, and the employee receives the benefit tax-free. Only medical insurance and the first \$50,000 of group life insurance is treated with the same tax preference. Corporate plans can include buy-up options and voluntary plans, available during annual enrollment. The actual long-term care policies are written on an individual basis, making them portable to the employee on the same discounted basis. Family members are also eligible for plans and may be conveniently billed at home. Many businesses have found that offering long-term care protection to their employees and families has actually decreased care-giving associated absenteeism within their organization¹.

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52% of Americans turning 65 today can expect to incur \$138,000 or more in long-term care costs². As more and more employees are turning to their employer for financial wellness options, it is no wonder that long-term care insurance is one of the fastest-growing benefit plans being offered. Pillar and Parker, Smith & Feek are happy to help you develop a program that rewards valuable employees with a tool to protect their retirement savings.

Parker, Smith & Feek partners with Pillar International Insurance Advisors to guide and assist clients with succession planning, disability, long-term care, and life insurance needs. Karen Dacek is an advisor at Pillar and, with her 30 years of experience, focuses her practice on life, disability, and long-term care protections as stand-alone products and within the multi-life, corporate market.

References and Resources

1. HR Magazine, https://www.shrm.org/hr-today/news/hr-magazine/pages/0507agenda_compben.aspx
2. Long-Term Services And Supports For Older Americans: Risks And Financing Research Brief, <https://aspe.hhs.gov/basic-report/long-term-services-and-supports-older-americans-risks-and-financing-research-brief>