



Long-Term Care Insurance and Employee Benefits

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Distribution and Account Management

LTC Producers Summit

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What We Will Not Review Today

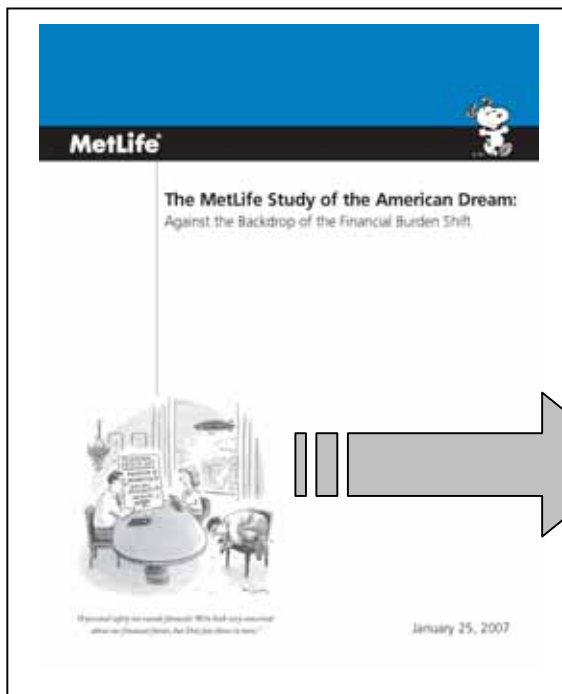
- How to prospect
- Review of MetLife's program... or anyone else's
- What makes a good prospect
- Why group vs. multilife?

What We Will Discuss

- Broad trends in employee benefits and how LTC fits in – what do HR people think and care about?
- Things to ponder to help in discussions with employers
- Why you should feel confident that LTC fits the needs of today's employees
- Mistakes made and lessons learned
- Why MultiLife is the right approach to grow LTC Sales

What Is MetLife's American Dream Study?

The “MetLife Study of the American Dream” explores the state of the “American Dream” against the backdrop of the financial burden shift.



“A personal safety net sounds fantastic! We’re both very concerned about our financial future, but Don just shows it more.”

Key Findings from our Inaugural 2007 Study and Recently Released 2008 Study

2007

- Financial security has become the defining element of achieving the “American Dream.”
- More than six in ten working Americans feel they carry more financial burdens than their parents did, and the overwhelming majority feel this burden will continue to grow for future generations.
- Most see the “American Dream” as a never-ending pursuit, rather than an attainable goal.
- While a majority of Americans feel they have yet to achieve the “American Dream” they remain optimistic about the future.

2008

- The Public’s regard for the economy’s prospects has darkened considerably.
- Home values↓ Energy costs↑ Personal Debt ↑ Yet...
- 85% of individuals expect their own financial situation to be about the same or better this year.

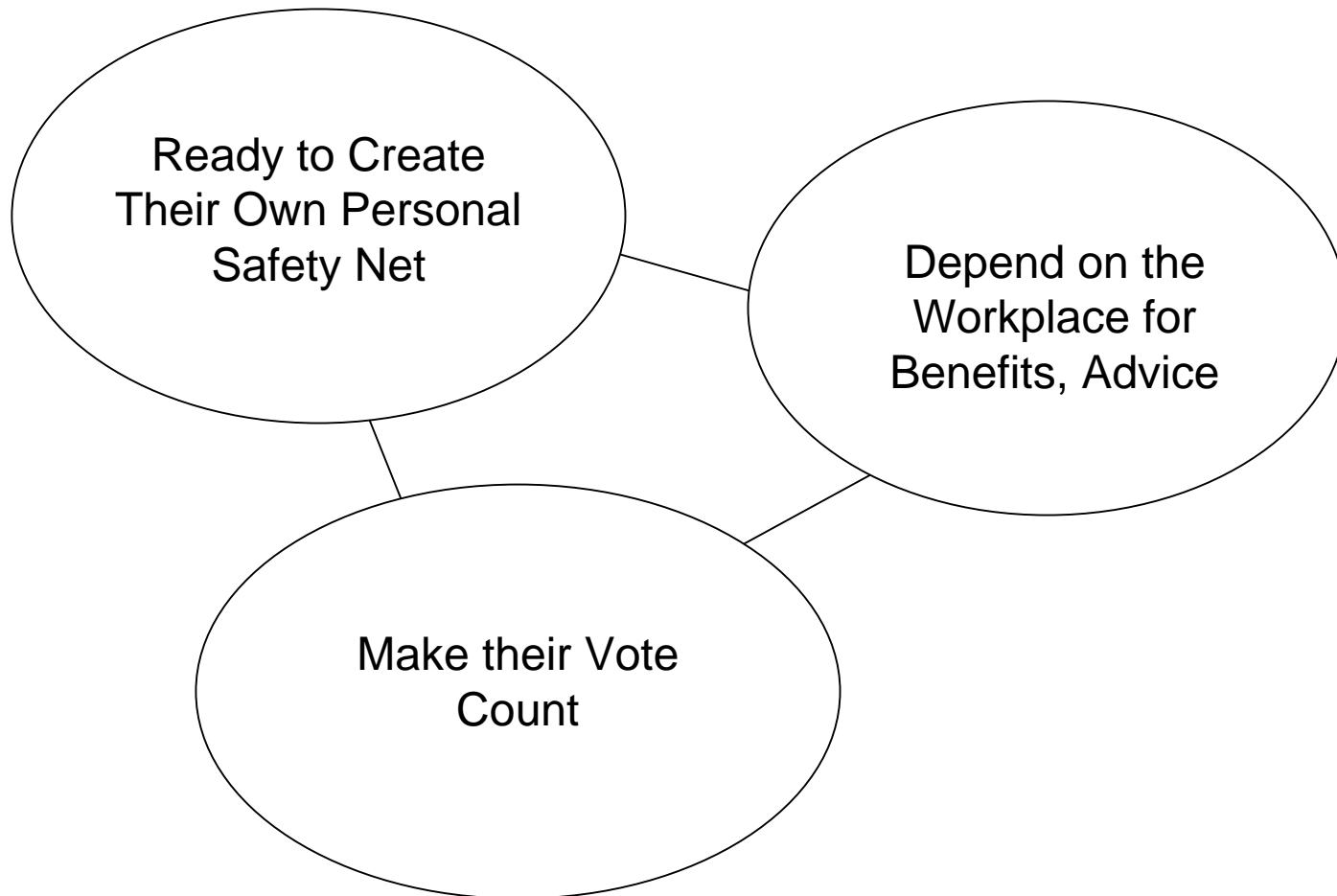
The American Dream is Alive, But So is the Burden Shift

Major shifts from 2007 – 2008

- In one year, significant increase in number of Baby Boomers who report that they have achieved the dream (11/06 – 1/08)
- In fact, more Americans believe they have achieved the American Dream or it is within reach during their lifetimes than a year ago (11/06 – 1/08)
- However, more than half believe they are carrying more of a financial burden for their families than their parents' generation did – and they're working harder just to get by (especially Boomers)
- Increased frustration with erosion of employer and government-sponsored benefits.
- Personal financial outlook for 2008 is positive – especially younger generations.

What Are Americans Doing?

Primed for Action: A Three-Pronged Approach



Most Important Components of Personal Safety Net

Most Important Components of a Personal Safety Net

- Benefits commonly available through employer-sponsored plans such as health and retirement remain at the top of the list of important components of a personal safety net.

Which products would you most want to be included in your personal financial safety net if you had to pay for them yourself? Please select your top 3 products.

| | Jan. 2008 | | | | |
|---|------------|------------|------------|------------|------------|
| | All | Silent | Boomer | Gen X | Gen Y |
| | N=800 % | N=120 % | N=282 % | N=245 % | N=154 % |
| Health insurance that continues through retirement | 60 | 62 | 64 | 57 | 57 |
| Retirement savings plan such as a 401(k) | 52 | 42 | 49 | 62 | 52 |
| Annuities that pay guaranteed retirement income for life | 43 | 46 | 45 | 46 | 31 |
| Health insurance | 27 | 32 | 22 | 26 | 35 |
| Life insurance | 27 | 23 | 25 | 24 | 38 |
| Long-term care insurance | 25 | 27 | 31 | 24 | 15 |
| Dental insurance that continues through retirement | 18 | 19 | 22 | 14 | 19 |
| Disability insurance | 16 | 14 | 18 | 17 | 11 |
| Homeowner's insurance | 13 | 15 | 12 | 13 | 14 |
| Auto insurance | 11 | 14 | 11 | 10 | 12 |
| I would only want traditional government and employer paid benefits | 2 | 2 | 0 | 2 | 5 |
| Others | 1 | 1 | 1 | 1 | 1 |

RANKED BY ALL

The American Dream Is Alive...

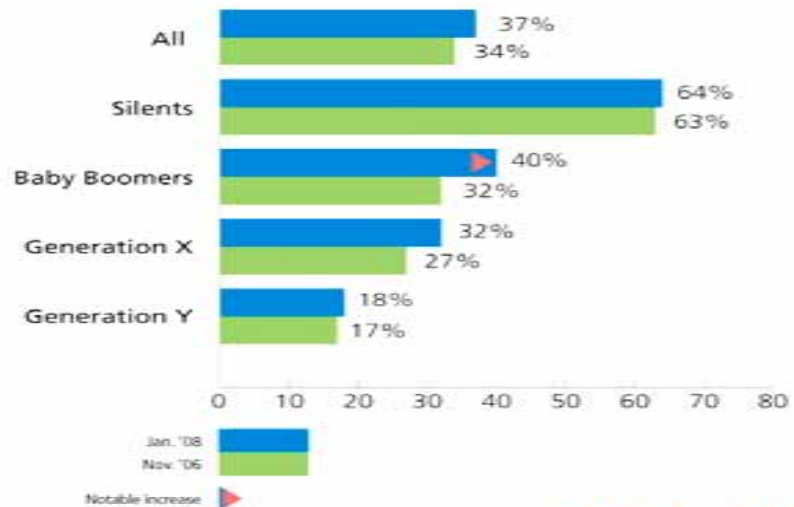
2007: The American Dream is alive...but not necessarily well.

2008: The American Dream is alive...and on the rise

Defining the American Dream

- Financial security remains the greatest defining characteristic of the American Dream.
- A comfortable retirement has also become a more integral part of the dream for Boomers as they move towards retirement age.

Do you think that you have achieved the "American dream"?
% Saying Yes



MetLife®

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Source: 2008 MetLife Study of the American Dream
Metropolitan Life Insurance Company, NY, NY

Key Takeaways For Employers

- As employees assume greater responsibility for their financial future, employers can provide education, advice and guidance on how benefits can build a strong safety net which mitigates financial burdens and minimizes financial risk.
- As attitudes and by employees **LTC in the workplace makes a lot of sense!** programs by
- Employers can support employees in lessening the financial burden and building a safety net by offering a broad portfolio of solutions.
- Employers can mitigate the impact of the financial burden shift as employees transition to retirement.

Employees Are Not Addressing Concerns

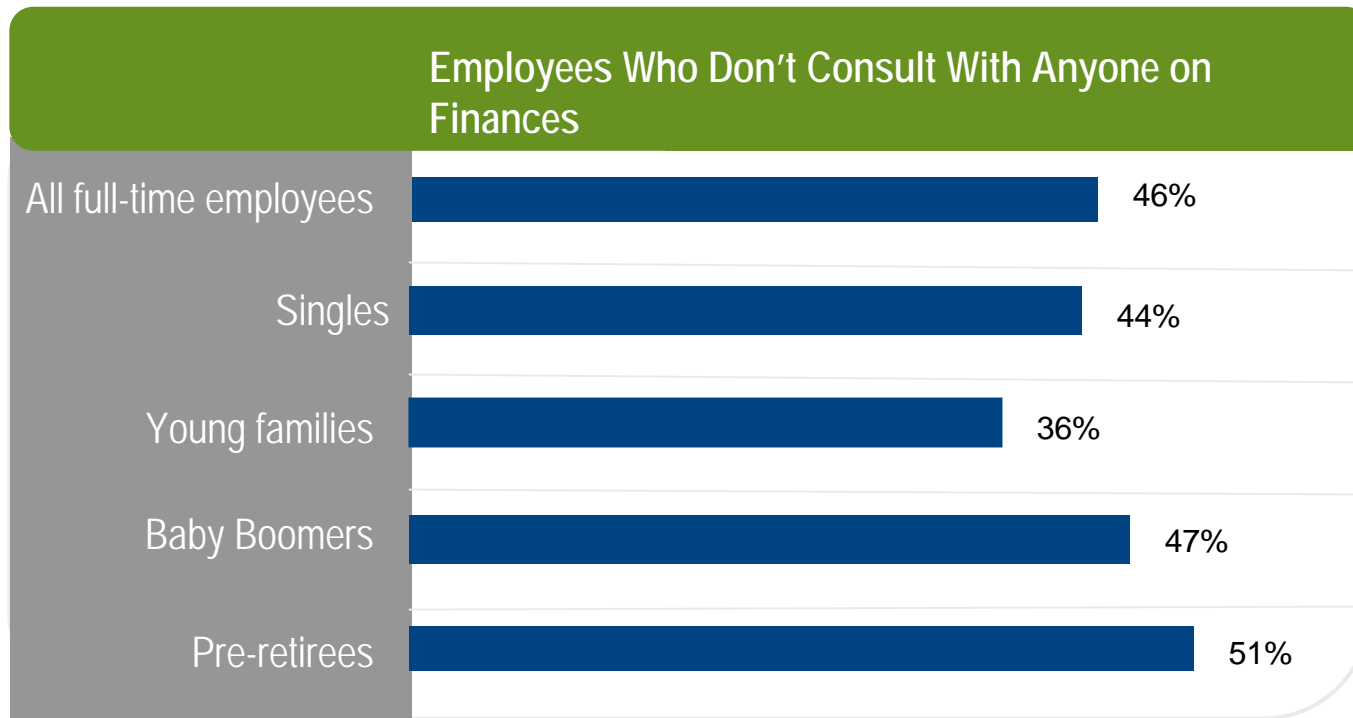
- 44% have not taken steps to determine needs for disability insurance
- 60% have not taken steps to determine life insurance needs
- Of those who have insurance nearly half acknowledge that their coverage is inadequate
- 48% are not contributing to 401(k) Plans
- 37% live paycheck to paycheck

...And They Lack Confidence

- Employees lack confidence to make financial decisions – only 28% of employees feel confident in their abilities to make financial decisions for themselves and/or their families

...And They're Not Asking For Help

Few have the confidence to make financial decisions, yet only 54% consult with anyone on their finances.

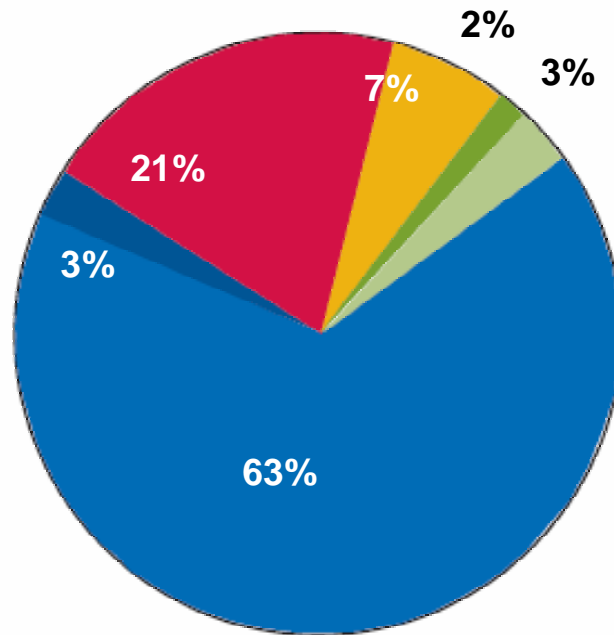


...Not Taking The Time

63% spend under 30 minutes making benefits decisions

Employees: How Much Time Do You Take To Make A Benefits Decisions

- 0 to 30 minutes
- 31 minutes to 1 hour
- 1 to under 2 hours
- 2 to under 3 hours
- 3 to under 4 hours
- 4 hours or more



The Ultimate Tradeoff

Long-Term Care Insurance (LTCI)

Long-Term Care Insurance

Individual Application & Important Forms



OR...

The Ultimate Tradeoff



What We Know from Our Customers

- There is a war for talent – attracting and retaining employees is more important than ever
- Need to help employees appreciate the value of their benefits program
- View benefits as a larger rewards system – to support a multigenerational workforce
- Benefits can be a differentiator

New Rules of Multi-Life Sales

A New Paradigm for LTCi at Worksite

Dan Cahn
LTC Financial Partners
LTC Producers Summit
February 24, 2008

Benefit Trends

- Benefit Costs Continue to Rise
 - Between '05 and '06 HR increased spending by \$202 per employee*
- Wellness Programs Continue to Increase
 - Health Screening, Smoking Sensation, Weight, Stress Management and EAP Programs over '05*

Employers Cut Back on Some Health Benefits

- In 13 benefits only 4 were not reduced in '07*
- LTCi 5th Highest Ranked Retirement and Financial Benefit*
- Workers don't necessarily retire when they expect to
 - In all but one age bracket, 65 plus, do employees retire when they expect to*
- Most Important Benefit Objective Cited by Employers
 - Retain workers followed by control costs*

Source: MetLife Study of Employee Benefit Trends, 2007 * MetLife Benefit Benchmarking Report, 2007 * PricewaterhouseCoopers, U.S. Human Capital. Effectiveness Report, 2007 * World Work, 2007 * Society for Human Resources Management, 2007 * Employee Benefit Research Institute, 2007

HR Approach to LTCi as New Benefit

- Always on top of “B List” and may never move up
- Effort not equal to reward
- Only one time per year to evaluate new benefits
- Employee Benefits Consultant doesn’t recommend it
- HR considers benefits for the Rank & File as their primary concern not Executive Benefits
- Not aware of number of caregivers who are employees
- Most employers don’t conduct exit interviews

Old Assumptions

- Corporate HR beliefs regarding LTCi
 - Large Employer means True Group Only
 - Guaranteed Issue a must
 - Payroll Deduction a required
 - “Open Enrollment Only Offering”
 - Only for Employees not family members
 - No IRS incentives for Employee Retention or Rewards
 - No reason to protect 401K Plan
 - Not part of Pre-Retirement Training
 - High implementation cost and requirement
 - One message to everyone

New Rules

- No Company too small or too Big
- Simplified Underwriting is 99% of Guaranteed
- MultiLife rates offer Marital Discounts
- Turn Key Solutions with little HR involvement
- Executives should be first group orientation
- No HRIS department involvement required
- Long Term Healthcare Information is a year round calendar
- Technology allows employee receiving target messaging
- ROI for Corporation is measured by number employees and family members educated

Recent Case Study

- 30,000 employees in 50 States, no employer paid time and no payroll deductions
- HR Estimate was no more than 30 seminars and 100 applications
- 179 seminars conducted & over 1500 applications, over \$3 million in revenue
- And 2 years after 1st roll out revenue is still be generated

Executive Benefit Strategy

- An Executive or “Top Down” Approach
 - Assures Agent Revenue
 - Increases Likelihood of Employee Base Plan
 - Allows Executives to Learn about LTCi
- Liability of Top Down Approach
 - Access to Executive vs. HR Rep
 - May Require Retained Earnings
 - Positions LTCi as Reward over Attrition Reduction

Red Ocean vs. Blue Ocean

Ed Jette
Empowers Services
LTC Producers Summit
February 24, 2008

Long-Term Care

- Poor results
- Don't understand it / don't know what to do with it
- Nobody wants it
- Don't want to jeopardize existing business

Long-Term Care

What's Missing from Your Retirement Plan?



Concerned and Confused

- 43% of employees surveyed are “extremely” or very concerned about financing long-term care

Source: EBRI Retirement Confidence Survey, 2004

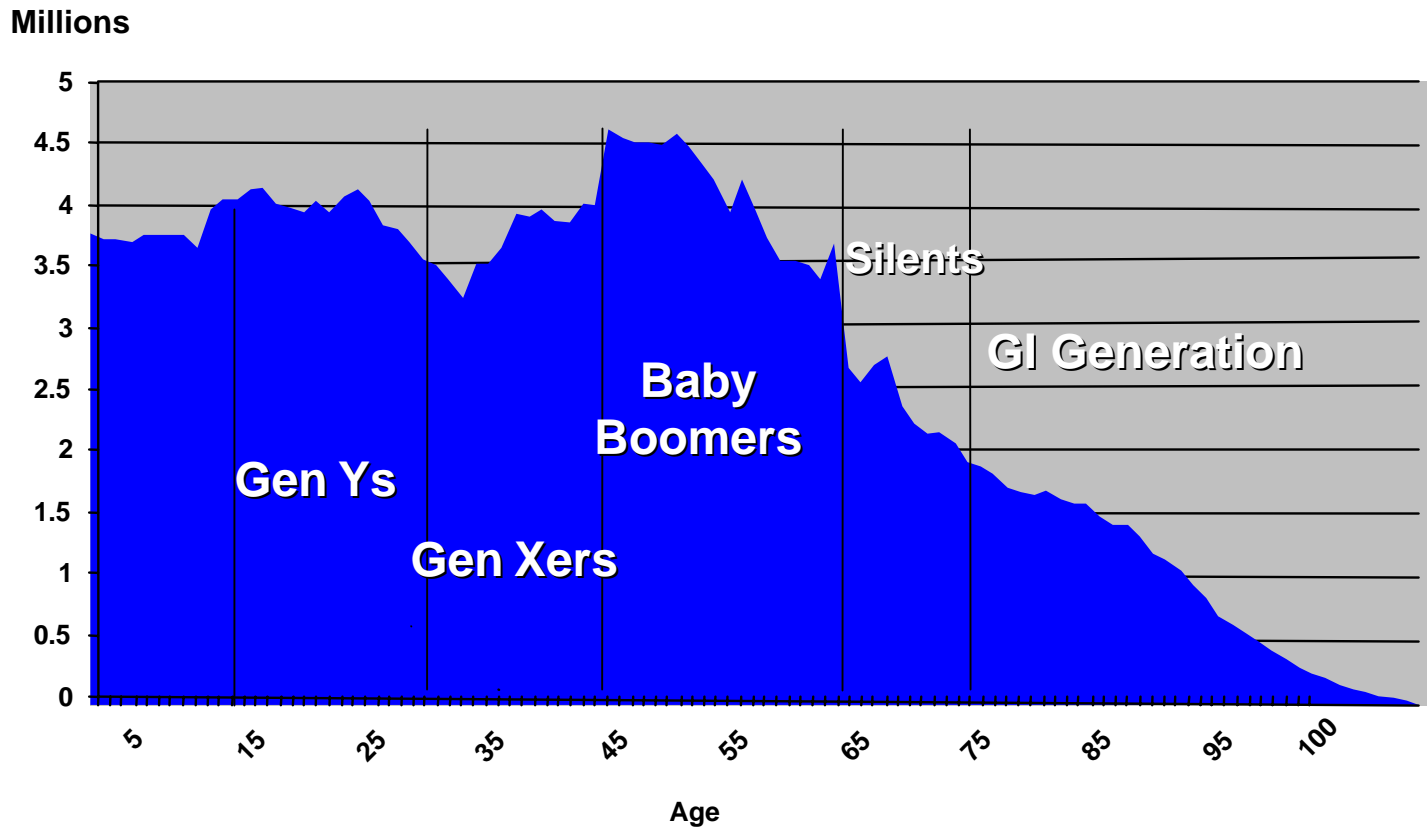
- 84% of employees surveyed “do not have” or “don’t know if they have” long-term care coverage

Source: MetLife study of Employment Benefit Trends, 2003

Target Market

| Number of Employees | Number of US firms with employees | Sponsored Plans in Place |
|---------------------|--------------------------------------|-----------------------------|
| 1-99 | 4,895,073 | 3131 |
| 100-499 | 84,829 | 681 |
| 500-999 | 8,408 | 681 |
| 1,000-4,999 | 6725 | 511 |
| 5,000-9,999 | 910 | 284 |
| 10,000+ | 883 | 341 |
| Total Firms | 4,996,828 | 5675 |

Baby Boomers are Top of Mind, But...



Source: MetLife Mature Market Institute Analysis, Population Projections Program, U.S. Census Bureau, 2000

Obstacles to Success in the Workplace

- Preconceptions about “long-term care”
 - Decision makers
 - Employees
- Employers have no money for new benefits
- Requires different sales approach than other insurance products
- Requires different communications strategy
- Group sales & enrollment process does not create emotional buy-in or provide one-on-one follow up

Why EBB's not Involved

You have client access, but...

- Requires different sales approach

Required vs. Not Needed

Price Driven vs. Education Driven

Analytical vs. Emotional

Responsive vs. Proactive

Understood vs. Not Understood

Commodity vs. Individualized

Steal vs. Create

Top Level Sale vs. Sold Throughout

Where Do We Go From Here?

- LTC is an integral part of someone's personal safety net
- Employers are made up of multigenerational employees.
- More than ever, one size does not fit all
- Selling MultiLife is not easy, but it's less hard