



Life Insurance: Offense or Defense?

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First, Why are we talking about Life Insurance?

- Ownership of life insurance at about half of adult Americans, down from 63% a decade ago
- Covid prompted new priorities
 - Purchase intent at 39% over the next year
 - Online searches about life insurance 55% higher than pre-pandemic levels
 - Gen Z adults at 44%
 - Millennials at 50%
- Lack of knowledge greatest obstacle

So if not you, then who???

Let's talk 'Offense'

Why Business Planning?

- 41% of business owners plan to exit within five years, but 58% never had their business appraised
- 48% have no formal exit strategy

Barriers to Business Planning



- Procrastination
- Appears overwhelming
- Family dynamics
- Office dynamics
- “We’re OK now...”

How do you start the conversation?

- Retaining, rewarding, and recruiting
- Key person protection
- Efficiently transitioning their business
- Planning for life after work

What is the business worth???

Business Valuations Can Be...

Informal

- Satisfy curiosity
- Planning for the future
- Protecting what they have

> Informal Business Valuation Request



How does your business owner client plan for the future without knowing the value of their business?

Business Name _____
Business Owner Name _____ Date of Birth _____ Other Contact Name _____
Tax ID _____ Phone Number _____ Fax Number _____
Address _____ City/State/ZIP _____
Email Address _____
Number of Years in Business _____ Total Number of Employees _____

Do you rent or own your office space? Yes No

a. If Rent: Is the rent paid to an independent 3rd party? Yes No

If Yes: What is your monthly rent? _____ What is the square footage? _____

b. If Own: Is your rent paid to an entity you own or are affiliated with? Yes No

If Yes: What is your current monthly rent you are paying or receiving? _____

What would the true market level monthly rent be? _____

What is the square footage? _____ What is the estimated value? _____

What is the remaining mortgage? _____

Form of Business: Sole Proprietorship Partnership S Corp C Corp
 LLC Other (please describe) _____

Do you plan on changing the business organizational form in the near future? _____

What is your estimate of the value of your business? _____

Have you had a formal appraisal? When was it done? What was the value? _____

What is your projected revenue growth? _____

What percentage of your business is recurring? _____

What percentage of your sales comes from your top three customers? _____

What would be the impact on revenues and profits if the owner(s) leave?

No impact Decline minimally Significant decline Plummet

IMPORTANT:

Attach the most recent **three** years of the following:

- Income statement/Profit and loss statement
- Balance sheet
- Company tax returns

Also, if prepared, please attach these documents:

- Cash flow statements
- Statements of owner's net
- Most recent valuation or appraisal

To receive a more complete review of the business owner's business succession needs, please use the Business Owner Factfinder (146401).

The purpose of this information is to assist the business owner in the furtherance of their planning. A formal appraisal would be needed to establish the value for tax purposes or prior to a transfer.

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What Do We Need?

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Best part, you aren't in it alone!



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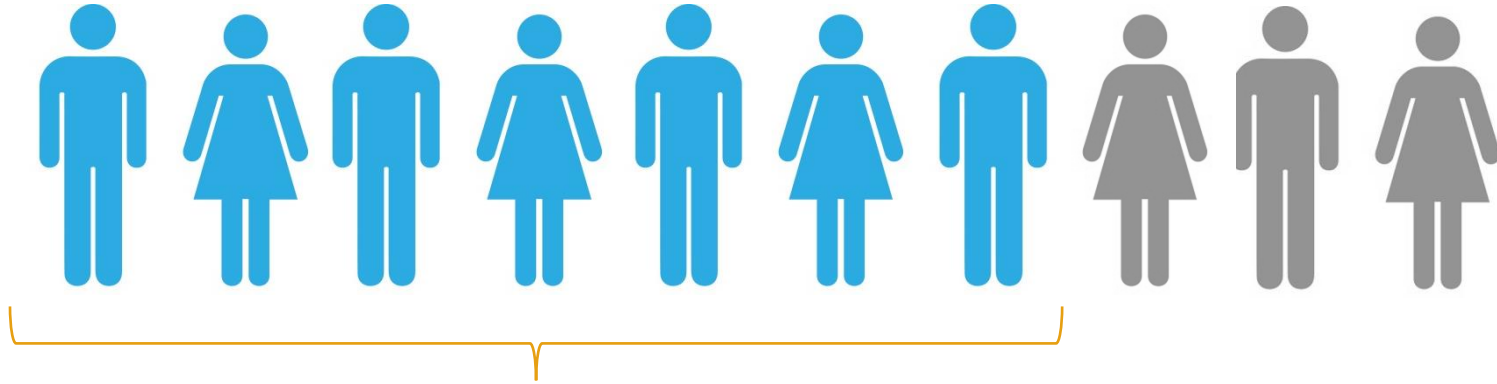
Now, how about some defense

Healthcare Risk

Healthcare Risk

- What is it?
 - The risk that your clients long-term healthcare needs will deplete their assets and put a serious dent in their retirement savings
- How an IUL can help
 - Provides early access to part of the death benefit if the client becomes chronically ill

Healthcare Risk



70% of 65-Year Olds Will Need Chronic Care



How Long? For an average of 3 years.
20% of those will need for 5 years.

Source: U.S. Department of Health and Human Services, National Clearinghouse for Long-Term Care Information, October 2022.

Healthcare Risk

- Long-term care services are expensive:

Home Health Care	Per Month	Per Year
Home Health Aide	\$5,552.21	\$66,626.56
Assisted Living Facility	Per Month	Per Year
One Bedroom Unit	\$5,278.05	\$63,336.60
Nursing Home	Per Month	Per Year
Semi-Private Room	\$8,350.20	\$100,202.40
Private Room	\$9,581.70	\$114,980.40

National
Averages

Source: Mutual of
Omaha's Cost of
Care Study,
conducted by Long-
Term Care Group,
2022, released 2023.

Healthcare Risk



Semi-Private Nursing Home Room:

$\$100,202.40 \times 3 \text{ years} = \$300,607.20$

$\$100,202.40 \times 5 \text{ years} = \$501,012.00$

Consider Inflation:

25 years from now at 3% inflation =

$\$172,036$ per year

Where Can You Find All the Marketing Materials?

- Our new LTC Rider Website:
www.mutualofomaha.com/ltc-rider
- Includes:
 - State approvals
 - LTC Rider information and materials
 - LTC Rider presentation
 - Sales ideas
 - Cost-of-care calculator

Cost-of-Care Calculator

State

National ▼

Assumed Inflation Rate

3 %

Years until Care is Needed

25

Calculate Cost

2015
Time of Study

2018
Current Year
(At a 3% Inflation Rate)

2043
Year Care is Needed
(At a 3% Inflation Rate)

Home Health Care	\$58,916.00 per year	\$64,379.10 per year	\$134,795.55 per year
Assisted Living Facility	\$52,591.08 per year	\$57,467.69 per year	\$120,324.59 per year
Nursing Home (Semi-Private Room)	\$86,764.15 per year	\$94,809.53 per year	\$198,510.10 per year
Nursing Home (Private Room)	\$99,736.25 per year	\$108,984.49 per year	\$228,189.33 per year

Why does our LPA product make sense?

The Chronic Illness Rider

- No additional cost, unless the client exercises the rider
- If exercised there is:
 - An actuarial discount deduction, and
 - A \$100 processing fee
- Included on conversions

An Additional Option: The New LTC Rider

- Acceleration of benefit to reimburse for Long-Term Care services
- Up-front cost, but no actuarial discount when benefit is taken
- LTC Rider is underwritten – if the client doesn't qualify, he or she still gets the Chronic Illness rider
- Client chooses their maximum benefit up front

Maximum LTC Rider
Benefit Amount

Min of \$100,000; Max of \$2M
on 1% and 2%; \$1.25M on 4%
(or initial specified face, if less)

x

Monthly Acceleration
Percentage

1%, 2% or 4%

=

Maximum Monthly
Benefit (MMB)

How an IUL Can Help – In review

- Includes an Accelerated Death Benefit Rider for Chronic Illness
 - **At no additional cost**
 - **With no additional underwriting**
- Allows clients to take up to the lesser of:
 - \$1 million OR
 - 80% of the specified face amount at the time of the initial acceleration request
- Capped at the IRS per diem limit per year

OR

- True LTC Rider

Questions???

