CRANE FINANCIAL
LITERACY NETWORK
YOUR GUIDE TO FINANCIAL EMPOWEREMENT

Securing Your Future: Inflation Protection & Asset Preservation

A Strategic Roadmap for Prospective Clients Age 50-70

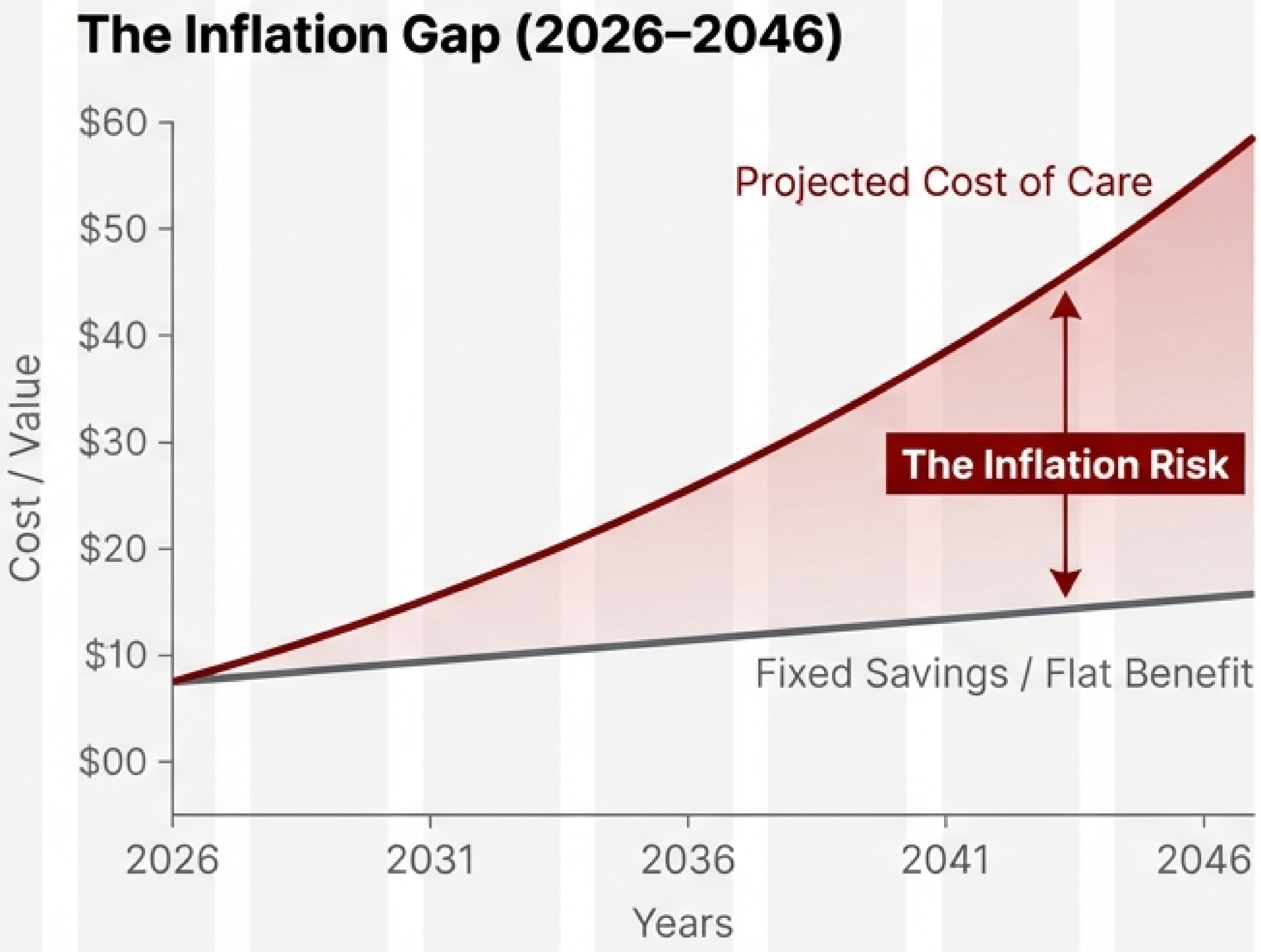
A Public Service Presentation created by the Crane Financial Literacy Network.

Planning for the Price of Care in 2046

If you are 55 today, statistics suggest you likely won't claim on a Long-Term Care policy until you are roughly 80.

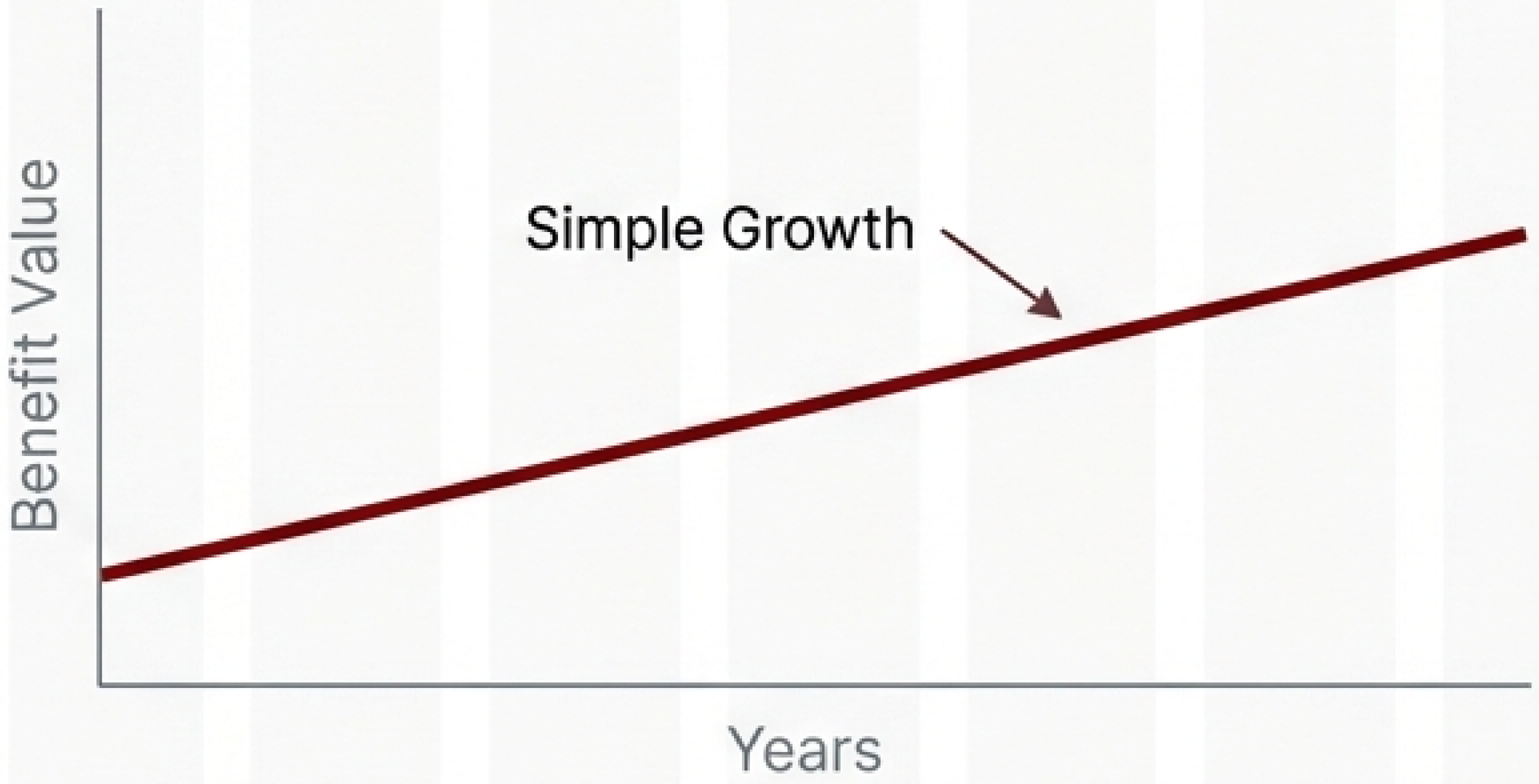
We are not planning for today's healthcare prices; we must prepare for the economic reality of 2046.

The Risk: Without inflation protection, the purchasing power of your daily benefit will erode significantly over two decades, potentially leaving a massive gap between your coverage and the actual cost of care.



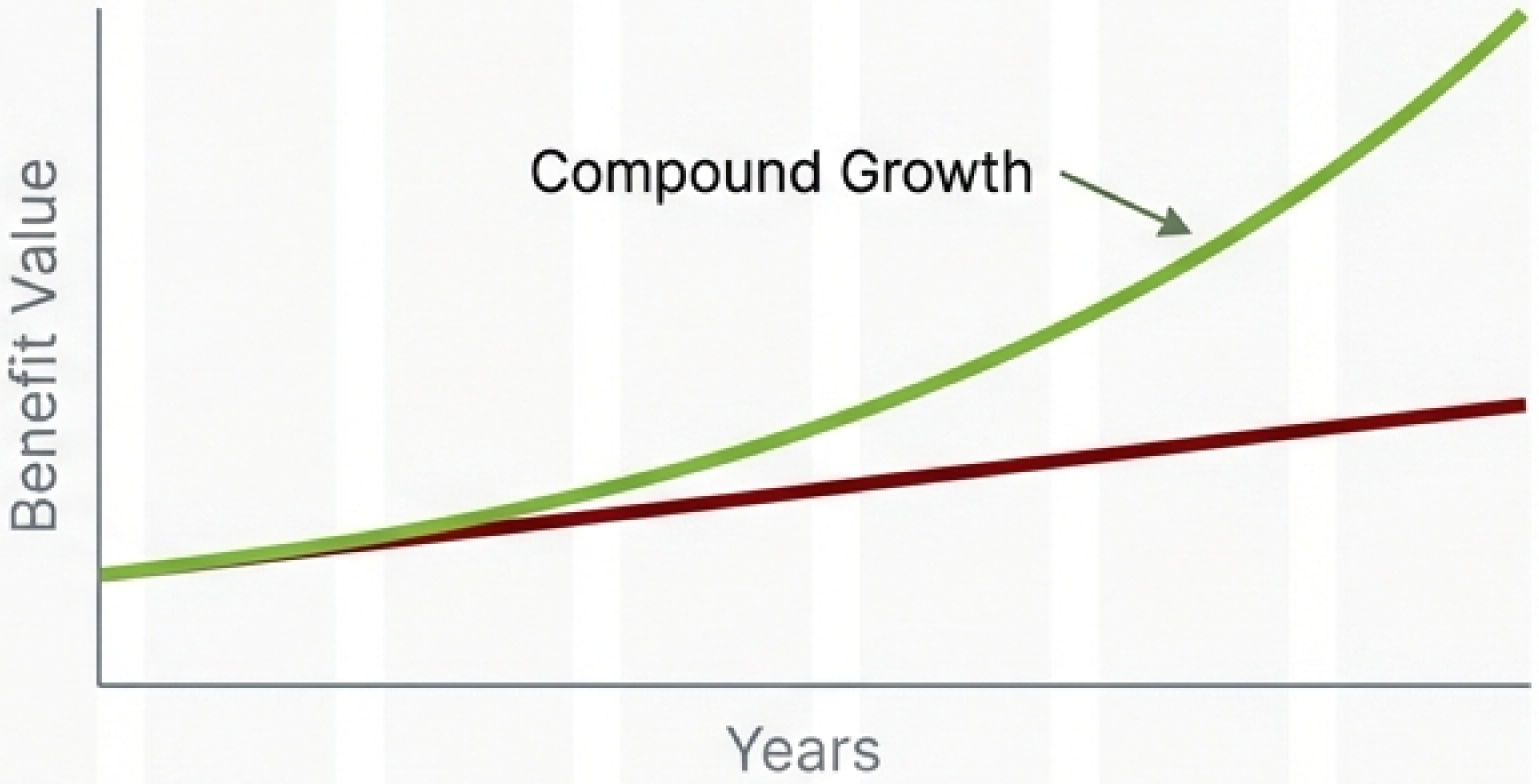
The Engine of Growth: Compound vs. Simple

Simple Inflation



Increases your benefit by a percentage of the original benefit amount. Costs less, but grows slower.

Compound Inflation



The “Gold Standard” for buyers under 70. Increases benefit amount by a set percentage (typically 3% or 5%) annually on a compound basis.

Why it matters: Compound inflation grows the benefit on top of the accumulated growth, not just the base. Over a 20-year horizon, this difference is substantial.

The Asset Disregard Secret

The Partnership Program

Many states participate in the Long-Term Care Partnership Program (LTCPP).

Dollar-for-Dollar Protection

The primary benefit is “Asset Disregard.” For every dollar of insurance benefit paid out by the policy, one dollar of your personal assets is protected from Medicaid spend-down rules.

The Condition: To unlock this powerful leverage, your policy must include state-inflation protection. If you remove this protection later to save on premiums, you forfeit this asset shield.

Rules of Engagement: Age-Based Requirements

Most states follow the model set by the Deficit Reduction Act of 2005.

Under Age 61

Requirement: Must purchase Compound Inflation Protection (often 3% or 5%) to qualify for asset disregard.

Ages 61–75

Requirement: Must have some form of inflation protection. “Simple” inflation is often sufficient.

Over Age 76

Requirement: Inflation protection is generally optional; a policy can qualify for the Partnership program without it.

Market Realities: The Scarcity of 5% Compound

The Shift to 3%

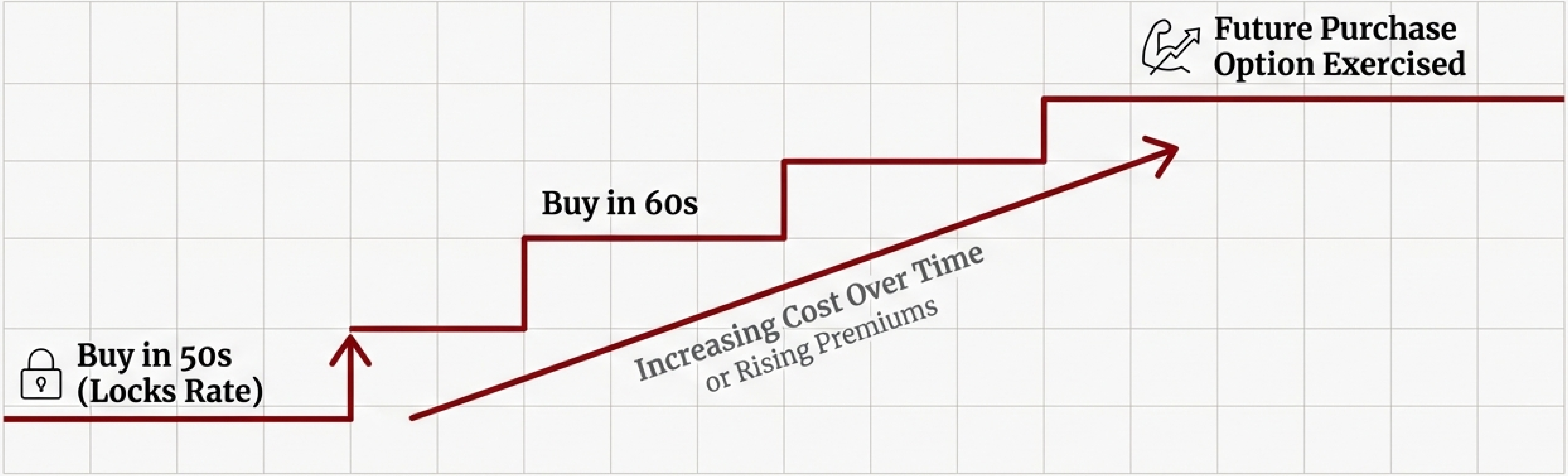
Due to a sustained low-interest-rate environment, many insurers found it difficult to guarantee 5% growth. The industry standard has largely shifted to 3% compound inflation.

Where to find 5%

If 5% compound is a priority (often required for those under 61 in Partnership programs), it is most likely found with large, financially stable Mutual Companies (e.g., New York Life, MassMutual, Northwestern Mutual) rather than stock-held companies.

Why: Mutual companies have historically maintained more robust product lines capable of sustaining these guarantees.

Pricing Dynamics and the Cost of Waiting



Locking in Value

The annual cost of compound inflation is lower the younger you are. Buying in your 50s locks in a lower rate and maximizes the years of compounding growth before a claim.

The "Future Purchase" Trap

"Future Purchase Options" offer lower initial premiums, but premiums increase every time you exercise the option.

Compound vs. Simple Cost

Compound inflation carries the highest premium but ensures the benefit keeps pace with the Medical CPI (Consumer Price Index) and rising nursing home costs.

How Insurers Price the Risk

1. Medical CPI

Projected trends in the cost of nursing homes and assisted living.

2. Interest Rates

Insurers invest premiums to pay future claims; low rates make high guarantees expensive.

3. Actuarial Risk

Complex modeling of life expectancy, lapse rates (cancellations), and morbidity.

Takeaway: Financial strength is paramount. You need a carrier rated by agencies like A.M. Best that will be there in 2046.

The Role of a Financial Fiduciary

Unbiased Guidance

Navigating Partnership rules and inflation options requires a guide, not a salesperson.

The Fiduciary Standard

A Fiduciary is legally bound to act solely in your best interests.

Our Commitment

Building wealth with integrity and purpose. We focus on holistic financial planning, not just selling policies.

"Don't Risk What You Have and Need In Order to Purse What You Don't Have and Don't Need" — Warren Buffett

Next Steps & Resources

CRANE

Join the Network

There is no fee to join the Crane Financial Literacy Network. If you are interested, send your contact information to:

avi@craneandassociates.net

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Speak with a Fiduciary

If you would like to speak with a Financial Fiduciary about your Long-Term Care options, scan the QR Code for a complimentary, confidential, and no-charge discussion.